TED BUDD

13TH DISTRICT, NORTH CAROLINA

COMMITTEE ON FINANCIAL SERVICES

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## Congress of the United States House of Representatives

Washington, **DC** 20515-3313

July 17, 2018

The Honorable Donald J. Trump President of the United States 1600 Pennsylvania Ave NW Washington, DC 20500

## Dear Mr. President:

In February 2009, President Obama issued Executive Order (EO) 13502, which strongly encourages federal agencies, on a case-by-case basis, to consider requiring project labor agreements (PLAs) on federal construction projects exceeding \$25 million in total value. We have strong concerns with Executive Order 13502 and believe that rescinding this negative policy is in line with your plans to cut red tape in Washington and across our government agencies.

To create the conditions for innovation and free enterprise, we must promote open competition, efficiency, fairness and equality in government contracting. Mandating, or even encouraging project labor agreements (PLAs) needlessly limits the pool of experienced and qualified bidders able to deliver the best possible product to taxpayers at the best possible price.

Reports have shown that government-mandated PLAs discourage merit shop contractors from bidding on taxpayer- funded construction contracts and drive up costs between 12 percent and 18 percent, which results in fewer infrastructure improvements and reduced construction industry job creation.

While the construction industry continues to thrive because of continued economic growth and improvement and the great benefits from the tax reform package that you signed into law last year, we must strive to remove all unnecessary barriers to economic growth in our efforts to make America great.

Since 1995, 24 states, most of which supported your presidency, have implemented laws or executive orders to ensure fair and open competition and prevent their state and local governments from implementing PLA requirements on state funded construction projects. Ensuring that PLAs are not encouraged in our federal projects will send a clear message to the construction industry that this administration is committed to merit-based, cost-effective projects that provide the best benefit for hardworking taxpayers.

Your administration has made critical strides in supporting the construction industry and we appreciate your dedication to continuing to remove unnecessary red tape and barriers to

economic growth. We look forward to working with you on this critical issue for hardworking Americans and thank you for your consideration of our request.

Sincerely,	1. 1
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