



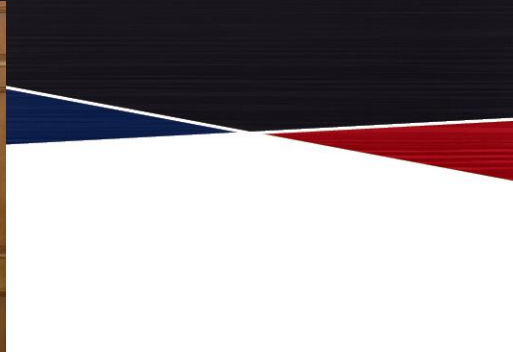
SHEET METAL & AIR CONDITIONING
CONTRACTORS' NATIONAL ASSOCIATION



Government & Political Affairs Report

Council - CO
June 3, 2024

Stanley E. Kolbe, Jr.
Executive Director, Government &
Political Affairs



Where We Were, Where We Are, Where We Are Going on Policy and SMACPAC

- 2022: A year of record Legislative and Regulatory Achievements on SMACNA Priorities
- 2023: Most Unproductive Congress in a Century but SMACNA Secures Historic Regulatory Implementation, Advances Agenda
- 2024: Record Contractor Engagement Planned to Secure SMACNA's Key Bipartisan Priorities. Regulatory Comments on Landmark Legislation will be Submitted to Enact Vital Policy Goals.





■ Both chambers in session ■ House only in session ■ Senate only in session ■ Federal holiday

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SMACNA GOVERNMENTAL AFFAIRS REPORT: JUNE 2024

- Overview – CEA Washington Conference / Program – Convention Plans
- Major Actions, Achievements in Legislative and Political Affairs - The Path Ahead: The 118th Congress
- The Legislative Agenda
- The Party Convention Engagement Plan
- Regulatory – Davis-Bacon final rule Secured, PLA rule Secured / Independent contractor Pending
 - Registered Apprenticeship - Proposed Rule / Prevailing Wage Treasury Guidance – Secured

SMACNA State & Local Government Relations

- Monthly reports covering key state and local chapter activities
- Targeted assistance on legislative and political priority issues and House and Senate events, meetings
- Legislative and political outreach to boost program building for chapters
- 2024 Political convention exhibition in Chicago and Milwaukee showcasing JATCs, workforce, SMACNA

The Issue Overview:

- Infrastructure and Tax Reform Packages –Signed Into Law SMACNA Effort Helps Add Davis-Bacon To IRA,
- CARES Act, CHIPS and Science Act, and Infrastructure Bills – Signed into Law / Regulations and Funding FY24
- SMACNA, Allies Secure BRAVE Act in Defense Authorization Act – Signed into Law

DRAFT PROGRAM AT-A-GLANCE

As of 4/16/2024

Schedule subject to change due to speaker availability.

ALL EVENTS HELD AT ROYAL SONESTA WASHINGTON DC CAPITOL HILL UNLESS OTHERWISE INDICATED

MONDAY, MAY 6TH

5:00 p.m. – 6:00 p.m. All Association Reception
SMACNA Dinner Capitol Overlook

TUESDAY, MAY 7TH

6:30 a.m. – 12:30 p.m. Registration / Congressional Appointments Desk Open

7:00 – 8:00 a.m. Buffet Breakfast
7:30 – 8:00 a.m. Soapbox Presentation

8:00 – 12:00 p.m. Program
8:00 – 8:10 a.m. Introduction - Rep. Earl Pomeroy (ND-At Large, Ret.), Senior Counsel – Alston & Bird

8:10 - 9:45 a.m. Labor & Workforce Issues: PLAs, Apprenticeship, Independent Contractor
8:10 – 9:15 a.m. Jessica Looman, Administrator, Wage & Hour Division, Department of Labor
9:15 – 9:30 a.m.
9:30 – 9:55 a.m. Julie Su, Acting Secretary of Labor, Department of Labor
10:00 – 10:15 a.m. Rep. Donald Norcross (D-NJ-1)

10:15 – 10:30 a.m. Tax Credits
Joe Boddicker, Counsel, Federal & Int'l Tax Group, Alston & Bird
MOC TBD

10:30 -11:00 a.m. Workforce Infrastructure: Transportation
Kathryn Thomson, Deputy Administrator, Federal Aviation Administration

11:00 - 11:45 a.m. Federal Contracting and Procurement Issues
11:00-11:15 a.m. Rep. Pete Stauber (R-MN-8)
11:15-11:30 a.m. Rep. Don Bacon (R-NE-2)
11:30-11:45 a.m. Rep. Andrew Garbarino (R-NY-2)

11:45 – 12:45 p.m. Lunch Program: The 2024 Elections' Impact on the Union Construction Industry
12:00 - 12:15 p.m. Rep. Tom Emmer (R-MN-6)
12:15 - 12:30 p.m. Rep. Pat Ryan (D-NY)

1:00 – 4:30 p.m. Congressional Appointments
CIC AT NAT'S PARK VS ORIOLES / BUS TO GAME

WEDNESDAY, MAY 8TH

6:30 – 10:00 a.m. Registration / Congressional Appointments Desk Open

7:00 – 8:00 a.m. Breakfast

8:00 – 9:30 a.m. Program – *MC/Moderator: Rep. Earl Pomeroy (ND-At Large, Ret.), Senior Counsel – Alston & Bird*
8:00 – 8:30 a.m. Sean McGarvey, President, NABTU
8:30 – 9:30 a.m. Mariah Becker, Director of Research & Education, NCCMP
9:30 – 10:00 a.m. Kathi Dobson, Safety Director, Alberici Constructors / Occupational Safety Representative, NACOSH

10:00 a.m. Congressional Appointments - Overage

Government Affairs Review

- **The path ahead on 2024 SMACNA priorities. Where Are We Now?**
- **The following legislative goals were achieved, and regulations are final will soon be final.** All efforts were advocated by acting in coalitions and advocating for SMACNA alone: **Continued focus on key issues:** In coalitions and advocating for SMACNA alone -
- **CHIPS 1.0 and Science Act (P.L. 117-167) Now Law** - advocacy in coalition and alone to pass the CHIPS legislation providing \$55 billion in tax incentives/support for chip plant construction with prevailing wage coverage and \$4 billion for National Labs.
- **CHIPS 2.0 being drafted and 2nd round of tax eligible commitments for CHIPS 1.0** announced for release soon.
- **Infrastructure Building Provisions / Now Law** - educating membership on the buildings program, funds and benefits coming from the infrastructure law and recent appropriation package.
- **Building Efficiency Tax Incentives Regulations** - continue advocacy of the residential, industrial, commercial, and public building energy efficiency tax incentives remaining from infrastructure and reconciliation package **P.L.117-169 Regulatory Guidance from Treasury Department / IRS Rules Effective on January 29, 2023**
- **Project labor agreements (PLAs)** - building support for new Executive Order regulation and issue in general to outflank attacks. Draft Final Rule Issued August 19 / **Comments Filed October 2022, rules issued in final form December 18, 2023.**
- **179d Reform (P.L. 117-169)** - maintain active coalition and SMACNA lobby efforts to pass alone or in extenders tax package / includes prevailing wage-apprenticeship language / Treasury Department Guidance Out – January 29, 2023 / Final Rules - December 2023
- **Davis-Bacon Act Expanded to Private Projects Now Law** - Also supporting the process of **regulatory reform** with Members of Congress and opposing repeal efforts / SMACNA DOL / WHD comments filed 5/17/22 / *Final Rule Issued 8-23-2023 /Effective Oct 23, 2023.

Legislative Goals on Track for Final Action or Progress in 2024:

- **Endorse Extension of R&D Tax Credit AND Section 179** Bonus Equipment Depreciation provisions (S. 866 /H.R. 2673) Coalition and independent action.
- **FAA 5 – Year \$130 billion Reauthorization: New** HVAC and Energy Efficiency Earmarks / Terminal Energy Upgrades
- **Independent Contractor Regulatory Reform** – Draft Regulatory Comment Filed / support construction reforms in current draft process at DOL. Release expected any day of reformed IC rules beneficial to union contractors.
- **Promote the Change Order Reform / Small Business Payment for Performance Act** – Leading to endorse change order reform (H.R. 2726) bill again to provide payment on approval for half of change order amount, expedited resolution of the remainder once certified by contracting officer. Lobby effort will be doubled in the coming months.
- **Support Nuclear Energy Financing, Licensing and Advanced Technology Act** -
 - S. 1111, Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act of 2023. It also directs the Nuclear Regulatory Commission to create a pathway for conventional energy source sites to be repurposed in the future. The bill would expedite the development and deployment of advanced nuclear energy for the next generation of nuclear reactors. Passed Senate in 2023 and House Committee with SMACNA boost. Odds growing for final action by Congress in first quarter of 2024.
- **Advocate for The SAFE Banking Act** – House and Senate bills (H.R. 2891 / S. 1323) would provide access to the federal banking system for cannabis related industry payments. Senate Banking Passage with SMACNA noted, Senate pending vote.
- **Defend PLAs / Davis-Bacon Act** – Oppose (H.J. Res. 103/H.R. 1290/H.R. 720/S. 537) repeal bills.
- **Defend the IRA and CHIPS and Science Act 1.0 (Support 2.0)** tax incentives for private construction incentives / public projects.
- **Defend Continued Funding of School Construction / IAQ** - Programs included in the American Rescue Plan intended for 4 years of retrofits as well as new programs in the infrastructure and reconciliation package. **179d use is optional.
- **Boost Registered Apprenticeship** - Support (H.R. 2851/S. 249/H.R. 2900) funds for general workforce development programs for construction industry in DOL Appropriations, Infrastructure Act, Rescue Plan and reconciliation package / Apprenticeship Act / Apprenticeship Hubs Act. Bipartisan support for action soon.

- **Promote Pension Reforms** - monitoring opportunities to advance our policy position as part of generic pension legislation.
- **Substance Abuse Program Funding and Research** - (S. 1359 / S. 644) would increase access to care for people, often in the workforce, experiencing opioid use disorder (OUD) by reforming outdated regulations governing the prescription/dispensing medications.
- **Advocate for Pro Codes Act** - (S. 832 / H.R. 1631) endorsed and supporting pending bill to boost the copyright protects of codes and standards issuing groups / coalition and SMACNA efforts.

Regulations Targeted for Special 2023-2024 Attention and SMACNA Comments Filed:

- Davis-Bacon Reform – Rules were final October 23, 2023
- IRA Tax Incentives Regulatory Guidance – Most key rules final December 2023.
- Independent Contractor Reform – Draft rule expected by February 2024.
- PLA Executive Order / Reform – Final rule issued to take effect in February 2024.
- FAR Council Decarbonization Reform – Final rule expected by Summer 2024.
- Buy America Act Regulatory Reform – Final rule in early 2024.
- Cannabis Regulatory Reform – FDA reclassification rule comments being drafted now.
- Registered Apprenticeship Reform – Proposed final rule December 2023; commenting.

Top Issues - Overview:

- **Appropriations Outlook:** The House has a lot of unfinished business to accomplish this summer. Earlier this week, leaders announced that they would complete all [12 annual appropriations bills](#) and the FY25 NDAA before August recess. Here's their tentative schedule:
 - Week of June 3: Military Construction - VA
 - Week of June 10: NDAA
 - Week of June 24: DoD, DHS, and State and Foreign Operations
 - Week of July 8: [Legislative Branch](#)
 - Week of July 21: Ag-FDA, CJS, Financial Services-General Government, and Interior- EPA
 - Week of July 29: Energy and Water, L-HHS-ED, THUD
- **NDAA Advances:** Earlier last week, the House Armed Services Committee [advanced](#) the FY25 NDAA.
 - The \$883.7 billion measure included \$849.8 billion for the Pentagon and a 20% increase for junior troops as well as other quality of life improvements.
 - The measure now heads to the full House and is expected to be considered next month.
- **As part of the Committee's debate was a major victory beating back FL Rep. Matt Gaetz and his PLA repeal** amendment 31-26 with four Republicans voting with the Democratic minority to send the PLA Executive Order language to the floor and likely inclusion on DOD projects for FY 25.
 - GOP champions Bacon, Turner, LaLota and Graves.

Special Focus: FAA Reauthorization

SMACNA endorsed the Just Passed/Enacted Compromise FAA reauthorization - H.R. 3935.

- SMACNA has shared with Congress and federal policy leaders for decades the needs for the following provisions contained in H.R. 3935:
- **For our construction companies, the bill's most important provision is its \$19.7-billion authorization for the Airport Improvement Program (AIP). Of that total, \$3.35 billion is for the remainder of fiscal year 2024. The bill also provides \$4 billion a year for fiscal 2025 through 2028. The \$4 billion is a 19.4% hike over the level provided in the last multiyear FAA bill, which became law in 2018.**
- **Permitting reform to expedite airport environmental reviews to accelerate terminal construction projects.**
- **Retrofitting HVAC, boosting energy efficiency of all the nation's airports (section 742).**
- **Allowing present and future airport power demands for airside and landside operations to be included airport energy assessments.**
- **Allowing the Secretary of Transportation to make grants to airport sponsors to acquire or construct equipment that will improve energy efficiency at the airport complex.**
- **Provide a GAO study of onsite airport energy generation solutions for operational efficiency.**
- **\$1 billion to make airports more resilient to the impacts of weather and climate change.**

Policy Focus Example: SMACNA's Market Opportunities in the IRA - Building Tax Incentives:

The new law will extend existing tax credits for efficient construction and retrofits projects. It would also allow project owners to receive a direct payment for their investments instead of a tax credit.

- **A direct pay and tax credit transfer option** would provide greater financial flexibility, increased corporate cash flow, to reduce business financing needs. Filed regulatory comments to Treasury and IRS Division. Final Rules Expected the fall.
- The legislation **extends and creates new tax credits for various efficiency / IAQ retrofits**, including transmission
- **It expands the investment tax credit (ITC) and Production Tax Incentive (PTC)** program to include combined heat and power CHP), energy storage technology, biogas property, microgrid controllers, and linear generators.
- **Tax credits would be created or extended for additional technologies and energy sources including nuclear energy, hydrogen energy, biofuels plants and technology that captures carbon from fossil fuel power plants.**

Other highlights include:

- *Davis-Bacon Act and Registered Apprenticeships, Youth Apprenticeships, and Pre-Apprenticeships Standards Included.*
- **Provides special funding and program support for apprenticeship programs, pre-apprenticeship programs that matriculate to registered apprenticeship programs, and youth apprenticeship programs;**
- **Decarbonization of buildings and facilities reduction financing / leverage fund**, with a share going to disadvantaged urban areas and communities.
- **Grants for high-capacity transmission lines and for siting and upgrading interstate interconnections** and improves grid
- Department of Energy and the Federal Energy Regulatory Commission, advance efficient and **expeditious permitting.**
- **Efficiency tax credits and decarbonization program incentives**, with Davis-Bacon and Registered Apprentices for facilities in the utility, commercial, industrial, residential, and public sectors.

The Political and PAC Summary for 2024 - What is ahead for the PAC and Political Engagement?

- Too early to handicap any race until all primaries and new districts are decided by courts.
- 6275 votes made the House majority outcome last election in just 5 races. House majority now 2 seats!
- SMACNA and SMART Workforce events planned at **both party conventions** TBA.
- PAC Impact - A PAC of our size and focus matters – a lot of clout if focused, growing.
- Fundraising - Countless local / DC hosted PAC events, PAC Member trips.
- We will again cohost at least 24 Nat's baseball House and Senate Fundraising events @\$2000 per seat and 30 spots in our suite / at times 3 events in one night side by side.
- Total raised in all fundraising events close to \$2 million raised to assist candidates.
- Prior Approval Campaign and Forms – The Minimum to Become more Engaged and Informed

Area for Greater Involvement – Step up a higher PAC level if you can but sell the PAC to others as every dollar raised matters is even more important in an election year with many close races on the line.

- Increased PAC Support – PAC Consultant Boost for PAC Campaign, Convention PAC Auction –
- Special Effort to raise more Administrative Funds to boost PAC engagement and support.

Issues for Greater Engagement by Members and Leadership - On the Hill we continue to engage our members to help cultivate and activate dozens of Democratic Members and GOP House members by continually educating, supporting and assisting their policy and political as well as fundraising staff on our issues.

- Many in the House GOP and some in the Senate GOP will continue to seek rollbacks in the list of achievements from the 117th Congress.
- Most bipartisan Members in the House WILL support union contractor priorities, especially if our PAC is stronger and becomes even more engaged in DC and in districts.

- A few dozen Rs with us on DB and apprenticeship issues so far this Congress... and the party is fracturing along regional, ideological lines so this number should grow.
- We know the split in the House and Senate will remain razor thin on key votes and that means bipartisan coalition building will again be needed in 2024 to prevail. Our reasonable business and workforce agenda items... and opportunities should be part of soon expected tax and industrial competitiveness amendments.

Bottom Line: I am confident that with your consistent, growing and enthusiastic engagement we will see many more SMACNA policies move nearer to passage this year and before the conclusion of the 118th Congress.

- As we shared last year, our top challenge is to sustain close margins on 2024 floor votes planned to challenge the regulatory reforms won in newly enacted laws passed in 2022 and 2023.
- Goal is to earn new policy victories where our groundwork has been meticulously prepared in recent months and years.

The Priority Goal - Our PAC goal is to build a stronger bipartisan base for our issues in the next Congress following the November election to sustain policies benefitting our membership project volume and their profitability for years to come.

If you have any questions, please contact me for a quick response... any time of day.

skolbe@smacna.org

Thank you

State & Local Government Relations

Denise Murphy McGraw

dmurphymcgraw@smacna.org

Has Been A Busy Year:

- Began monthly newsletter with focus on state & local projects, policy and legislation as well as success stories of local chapters
- Launched e-Advocacy beta program with 10 chapters and provide regular office hours with support
- Offered government relations training for groups big and small
- Helped secure speakers for events

In The Year Ahead:

- Add more chapters to e-Advocacy. Its FREE!
- Work with chapters to provide support for state advocacy days throughout US in 2025
- Share more Good News! Please send your updates to Denise at any time.



Thank you!

Please reach out to the SMACNA Government Affairs staff with questions!

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