

## **SMACNA Transition Proposal to the Trump Transition Leadership**

We are confident these legislative initiatives will enjoy even wider bipartisan support in the incoming, 119<sup>th</sup> Congress with the Administration's endorsement. Each offers pathways to strengthen the infrastructure contracting industry and create far more high-quality skilled construction careers, careers that build greater family and community economic security.

SMACNA has offered policy recommendations on the following:

- Promote Sound Infrastructure Policies to replace our nation's aging infrastructure
- Enact Permanent Business Equipment and Capital Formation Tax Incentives
- Protect and Enforce Contracting Prevailing Wage Laws
- Reform Change Order Rules on Federal Construction Projects
- Upgrade Fire Life Safety in All Federal and Federally Assisted Facilities
- Modernize Retirement Plan Options through federal authorization of composite plans
- Prepare the Next Generation of Skilled Workers with registered apprenticeship programs
- Invest in Energy Efficient Buildings and enforce strong and attainable building codes
- Enhance Manufacturing Construction Activity and Operational Efficiency
- Invest in the Conversion of Commercial to Residential Buildings
- Provide Tax Incentives to Upgrade Air Quality in Non-Residential Buildings
- Support Responsible Employers Through Bid Listing
- Support and Enact the SAFE Banking Reform Act
- Close Employee Misclassification Loophole through reform of existing tax law
- Recognition of "TABB" Certification of Testing, Adjusting, Balancing (TAB) Technicians

## **SMACNA's Top Issues for the First Session of the 119<sup>th</sup> Congress**

- **Endorse Extension of Key 2017 Tax Act Provisions - R&D Tax Credit AND Section 179** Bonus Equipment Depreciation provisions. To be a Coalition and SMACNA effort.
- **Promote the Change Order Reform / Small Business Payment for Performance Act** – Leading to endorse change order reform 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.
- **Advocate for The SAFER Banking Act** – House and Senate bills will be reintroduced and provide access to the federal banking system for cannabis related industry payments.
- **Commercial Building Conversion Tax Credits** – Supporting the Revitalizing Downtowns and Main Streets Act by enacting a special 20% conversion tax credits with larger credits for rural, distressed and/or low-income economic areas with older buildings.

## **Three New and Emerging SMACNA Issues Targeted for 2025**

1. **The Indoor Air Quality and Healthy Schools Act**, a bill to improve the indoor air in public schools throughout the United States. To be cosponsored by Representatives Paul Tonko (D-NY) and Brian Fitzpatrick (R-PA). Referred to Energy and Commerce

Committee. SMACNA joined several organizations, including ASHRAE, the American Federation of Teachers, and the U.S. Green Building Council, to support this legislation. The bill would seek to accomplish the following:

- Update, expand, and codify the work of EPA's Indoor Environments Division;
- Require the EPA to establish and regularly update a list of significant indoor contaminants and develop voluntary guidelines to reduce exposure risks to contaminants;
- Direct the EPA to develop or recognize one or more voluntary certifications for buildings designed, built, operated, and maintained to prevent or minimize IAQ health risks, and
- Establish a regularly updated national assessment of IAQ in schools and childcare facilities and support the development of technical assistance, guidelines, and best practices to improve the IAQ conditions of these facilities.

## **2. The Indoor Air Quality Commercial Tax Credit**

Last July, Congressman Don Beyer introduced the SMACNA endorsed **The AIRBORNE Act, legislation that would incentivize non-residential building owners to conduct indoor air quality assessments (IAQ) and upgrade their ventilation and air filtration systems. SMACNA and SMART both endorsed this legislation.**

### **The AIRBORNE Act would:**

- Incentivize commercial building owners to conduct IAQ assessments of their properties by providing them with a \$1 per square foot tax credit, not to exceed the cost of conducting the assessment.
- Incentivize commercial building owners to upgrade their HVAC/air filter systems to reach the ASHRAE Standard 62.1-2022 and a Minimum Efficiency Reporting Value (MERV) rating of 13 or better for their properties. The tax credit for upgrades is equal to \$5 per square foot of property affected for air filters, and \$50 per square foot for HVAC systems and is limited to 50% of the total project cost.
- Create a Department of Energy & Environmental Protection Agency voluntary certification program for property owners to certify that their properties follow the IAQ standards outlined above.

**The bill will see hearings in the House Ways and Means Committee with action expected soon.**

## **3. The Commercial Building Conversions Act**

SMACNA boosted its support on Capitol Hill for legislation designed to expand the conversion of underutilized commercial buildings for residential use. By endorsing and advocating for the Revitalizing Downtowns and Main Streets Act, introduced by Reps. Mike Carey (R-OH), Jimmy Gomez (D-CA), and 15 bipartisan original co-sponsors, SMACNA helped magnify the issue's importance. This legislation addresses the growing demand for residential construction by creating a market-based tax incentive for converting older commercial buildings to residential use. Despite the increased demand for large-scale projects in the industrial sector, there is a shrinking inventory in the residential space.

The innovative legislation would complement existing real estate tax incentives passed at the state and local levels and represents a highly positive step forward in the effort to modernize U.S. real estate.

- **It would create a new and temporary 20% tax credit for qualified property conversion expenditures, modeled after the historic rehabilitation credit.** The key provisions of H.R. 9002 include:
- **Tax Credit Cap** - The total credit authority would be **limited to \$15 billion**, allocated by state housing finance agencies based on feasibility and impact.
- **Special Rural and Low-income Targeting** - Larger credits would be available for projects in rural areas, low-income census tracts, and economically distressed areas.
- **Stackable Tax Credit Option**—The credit could be stacked to have a greater impact with other federal tax benefits, including LIHTC, rehabilitation credit, and Opportunity Zone benefits.

SMACNA believes that the bill could go a long way in not only addressing the need for additional residential housing but also leveraging quality driven contractors employing the most skilled labor in revitalizing underutilized commercial spaces.

### **SMACNA’s Legislative 118<sup>th</sup> Congress Scorecard – December 2024:**

- **Endorse Extension of R&D Tax Credit AND Section 179** Bonus Equipment Depreciation provisions (S. 866 /H.R. 2673) Coalition and SMACNA effort. Passed House / Awaited final Senate vote at adjournment.
- **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 2025. NDAA House – Senate Conference amendment Option fell short in “Lame Duck” session.
- **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 House - Senate floor votes were pending in November – December.
- **Advance IAQ Commercial Tax Credit bill (HR 9000) and IAQ In Schools bill (HR 9131) Educational efforts in House in 2024 / Will see action in 2025.**
- **Commercial Building Conversion Tax Credits (H.R. 9002)** – Supporting the Revitalizing Downtowns and Main Streets Act (H.R. 9002) by enacting a special 20% conversion tax credits with larger credits for rural, distressed and/or low-income economic areas with older buildings. Effort to build 2024 cosponsors / 2025 action ahead.
- **Defend PLAs / Davis-Bacon**– Successfully opposed (H.J. Res. 103/H.R. 1290/H.R. 720/S. 537) repeal bills. Will continue defensive efforts in 2025.
- **Defend the IRA** tax incentives for private construction incentives / public projects.
- **Defend 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. Build support in Congress and key agencies.
- **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.
- **Support Nuclear Energy Financing, Licensing and Advanced Technology Act – Now Law** / Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act of 2023. Directs the Nuclear Regulatory Commission to expedite the development and deployment of advanced nuclear energy for the next generation of nuclear reactors. Seek additional financing, funding and permitting reforms for the Act.
- **FAA 5 – Year \$130 billion Reauthorization**: New HVAC Energy Efficiency Earmarks / Terminal Energy Upgrades / Now LAW. Implement provisions in DOT and FAA.
- **Independent Contractor Regulatory Reform** – Regulatory Comment Filed / support DOL’s construction reforms on Capitol Hill. Defend, if needed the **Final Rule** as beneficial to union contractors.

**Regulations Targeted for Special 2024 Attention / SMACNA Comments Filed:**

- **Davis-Bacon Reform** – Rules were final October 23, 2023
- **IRA Tax Incentives** Regulatory Guidance – Most key rules were final December 2023.
- **Independent Contractor Reform** – Final rule issued mid 2024.
- **PLA Executive Order** / Reform – Final rule issued, in effect February 2024.
- **FAR Council Decarbonization** Reform – Final rule failed issuance in Fall 2024.
- **Buy America Act** Regulatory Reform – Final rule in late 2024.
- **Cannabis Rescheduling** Reform – FDA reclassification rule comments filed, rule pending.
- **Registered Apprenticeship** Reform – Proposed final rule December 2023; comments filed but regulations withdrawn. Not expected to be reissued in similar form.