



Connections

Getting Paid on Time!

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SMACNA Mid-Atlantic Chapter Members are invited to attend an educational session focused on what they can do to assure prompt payment. The program is entitled, "What you Should Know About Collections: Liens, Prompt Payment Regulations, and More!"

Edward Seglias is the Vice President of Cohen Seglias Pallas Greenhall & Furman PC will be sharing information and ideas on how sub-contractors can avoid financial losses on work. Seglias is also the Managing Partner of the Firm's Delaware office and a Partner

in the Firm's Construction Group.

Ed concentrates his practice in construction law and commercial litigation and has successfully tried numerous construction and commercial cases in the mid-Atlantic region. He has obtained many verdicts over one million dollars and also has successfully defended clients against numerous multi-million dollar claims. Also speaking will be Jackson Nichols who is an associate at Cohen Seglias.

Company owners, officers, project managers, and those with financial responsibilities



Speaker: Ed Seglias

are encouraged to attend.

Call 301/446-0002 x 100 for questions.

Universal Paid Leave Forces New Tax on Wages

It could be the most generous paid leave law in the country. As D.C. Council is set to move forward with paid leave legislation, which the mayor believes is flawed, a new proposal to amend the bill has city hall buzzing.

Councilmembers Mary Cheh, D-Ward 3, and Jack Evans, D-Ward 2, are proposing a change to how the Universal Paid-Leave Amendment Act is funded.

Under the amendment, businesses with more than 50 em-

ployees would pay for a staffer's leave out-of-pocket, and are then refunded through a \$200-per-employee tax credit. Bill sponsor and At-Large Councilwoman Elissa Silverman said a proposed employer mandate to change the way paid leave is funded won't work.

"Silverman said the pay-upfront plan makes it even harder on smaller operations.

"The way their proposal would work and the reason why it's no good for workers are ... if

you're a big business you just have to pay for out of pocket. And for small businesses, you have to do that too and 'We'll give you a tiny, little tax credit but hey, if a few employees are out, you have to pay it anyway,'"she said of the employer mandate.

The mayor has said she takes issue with the bill's current .62 percent tax on all businesses which she has said is too high for many small businesses to bear.

SMACNA Mid-Atlantic Chapter, Inc.

7833 Walker Dr.

Suite 640

Greenbelt, MD 20770

Ph: 301/446-0002

Email:

info@smacnaatl.org

www.smacnaatl.org



Time is of the Essence

Chapter President

Dale Trunnell, president of Metro Mechanical

I recently had the pleasure of attending the SMACNA Council of Chapter Representatives Meeting in Amelia Island (Jacksonville) Florida.

It was a wonderful experience as I had the opportunity to meet with contractors and chapter executives from across the U.S. and Canada.

I know we think we are all so different from everyone else, but in reality we are much more alike than different.

Sessions started early in the morning and went late into the afternoon. We heard about trends in labor negotiations, safety concerns, presentations on ICRA and the Certified Healthcare Environment Worker Certification program. It appears hospitals and health care facilities are now requiring our workers to be certified in order to work in these environments.

We also heard from Darrell Roberts who heads up the all important Helmet to Hardhats program that provides jobs to

military veterans.

Perhaps one of the most exciting pieces of news that came out of the meeting was that several cities have now passed ordinances requiring building owners to routinely inspect their fire and smoke dampers.

As many of you know, the National Fire Prevention Association (80 standards) has for some time required periodic testing of fire and smoke dampers.

It is only recently that cities such as Columbus, Ohio; Cleveland, Ohio, and Pittsburgh, Pennsylvania have passed specific ordinances requiring these inspections.

In addition to office buildings, these ordinance cover nursing homes, universities, schools K-12, city facilities, county facilities, public gathering institutions, and hospitals.

These ordinances go one step further in requiring that those testing the smoke and fire dampers be certified by the International Certification

Board and American National Standards Institute to ensure the quality and knowledge of the inspection process.

This is very good news for chapter members of which many have had their team members trained and certified.

SMACNA demonstrated that they have the services and programs to help its members not only survive in this industry, but to grow. But as the saying goes, “you only get out of it what you put into it.”

So I encourage you to take full advantage of your membership by attending our association’s impressive array of local and national educational programs, the legislative conference in the spring, our annual convention coming up in October. You will not be disappointed!

In closing I extend to everyone a safe, healthy and prosperous New Year!

Air Balancers to Meet with Union Leaders



SMACNA Mid-Atlantic Chapter air balancers met with union officials on December 19 to discuss a variety issues all aimed at helping contractors capture more business.

Ten industry members representing five member companies attended the meeting.

Union leadership was represented by Charles Mulcahy, Kevin Mulcahy, and Local 100 President and Business Manger Richie LaBille.

SMACNA Contractors were encouraged to participate in wage surveys, report on contractors who are paying below

scale on Davis-Bacon Work, and those who are misclassifying workers.

There was also discussion of cities that have passed specific ordinances to enforce NFPA Fire Life Safety codes.

Universal Paid Leave Forces New Tax on Wages



Washington, D.C. Council Chairman Phil Mendelson released in December Bill 21-415, the “Universal Paid Leave Amendment Act of 2016.” Ordinarily, a committee print is released 24 hours before a committee vote.

“Arguably, this bill will be the most generous in the nation by providing 8 weeks paid leave for family care such as a sick child or parent, and 11 weeks paid parental leave such as for bonding with a newborn child,” Chairman Mendelson noted. The wage replacement rate will be 90% for the lowest

paid workers (earning below 150% of the minimum wage). This will be roughly 50% higher than the rate in other states. For everyone else, the benefit is capped at \$1,000 per week.

The benefits will be funded entirely by a new 0.62% payroll tax on employers. “I would have preferred the tax be shared between employers and employees, but Congressional restrictions on our ability to tax commuter income prevents this,” said Mendelson.

“The bill will benefit all employees in the District,” continued Mendelson, “just as we do, for instance, with the minimum wage and unemployment insurance. Most businesses see benefits as a means to attract and retain workers. Looked at

from this perspective, the bill makes the District a more attractive place for workers, and therefore becomes a benefit to District employers.”

The 0.62% payroll tax will generate approximately \$246.3 million annually, which the Chief Financial Officer has said will meet the benefits costs as well as the annual administrative costs of roughly \$19 million.

This is the first bill for which the Council will have an economic impact statement -- to be released December 2. “I expect it will show negligible impact on the District’s economy,” Mendelson said. “Jobs will continue to grow in number, but in 10 years the growth will be a fraction of 1% less

than otherwise would have occurred.”

Self-employed workers are not covered under this new program unless they opt-in. District government workers also are not covered because the District already has a program that in some ways, is more generous, providing 8 weeks leave at 100% wage replacement.

Implementation of the bill will be phased in, with the first benefits expected to be paid in January 2020. The payroll tax will begin one year earlier.

“I recognize that for some proponents this bill does not go far enough. The original bill offered 100% wage replacement up to \$3,000 per week for 16 weeks, for both self-care and family care.

New Overtime Rules For Non-union Employees

A federal court in December blocked the start of a rule that would have made an estimated 4 million more American workers eligible for overtime pay dealing a major blow to the Obama Administration's effort to beef up labor laws it said weren't keeping pace with the times.

The U.S. District Court in the Eastern District of Texas granted the nationwide preliminary injunction, saying the Department of Labor's rule exceeds the authority the agency was delegated by Congress. Overtime changes set to take effect Dec. 1 will shift to the Donald Trump administration, which has spoken out against Obama-backed government regulation and generally aligns with the busi-

ness groups that stridently opposed the overtime rule.

The regulation sought to shrink the so-called “white collar exemption” that allows employers to skip overtime pay for salaried administrative or professional workers who make more than about \$23,660 per year. Critics say it's wrong that some retail and restaurant chains pay low-level managers as little as \$25,000 a year and no overtime -- even if they work 60 hours a week.

Under the rule, those workers would have been eligible for overtime pay as long as they made less than about \$47,500 a year, and the threshold would readjust every three years to reflect changes in average wages.

The Department of Labor said the changes would restore teeth to the Fair Labor Standards Act, which it called “the crown jewel of worker protections in the United States.” Inflation weakened the act: overtime protections applied to 62 percent of U.S. full-time salaried workers in 1975 but just 7 percent today.

The agency said it's now considering all its legal options.

Opponents fought hard against the rule, saying it would increase compliance costs for employers who would have to track hours more meticulously and would force companies to cut employees' base pay to compensate for overtime costs that kick in more frequently.

The court agreed with plaintiffs that the rule could cause irreparable harm if it wasn't stopped before it was scheduled to take effect next week.

The Department of Labor could appeal the ruling, which might end up at a Supreme Court that includes some Trump appointees.

With no new overtime changes kicking in Dec. 1, Trump can accept the status quo and won't have to risk angering workers by walking back overtime benefits shortly after employees start receiving them.

His administration could choose to make its own rule changes through the lengthy administrative process. Or Congress could amend labor laws.

New Rules for Federal Contractors

The rules for federal contractors are changing. If you work with the federal government, you may have to comply with two new requirements—the new rules on “Fair Pay and Safe Workplaces” and “Establishing Paid Sick Leave for Federal Contractors.”

SMACNA’s Labor Relations Department has prepared guidance on both these new regulations, available on SMACNA’s Labor Relations webpage. Serious consequences may arise for contractors who fail to follow the new regulations.

On Aug. 25, the U.S. Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration (FAR Council) released the final rule implementing the “Fair Pay and Safe Workplaces” executive order.

The executive order calls for federal agencies to consider a contractor’s compliance with labor law as part of its responsibility determination when awarding procurement contracts for goods and services, including construction.

Guidance prepared by SMACNA’s Labor Relations Department on the Fair Pay and Safe Workplaces executive order is available on the HR and Employment Law section of SMACNA’s Labor Relations webpage.

On September 30, the U.S. Department of Labor’s Wage and Hour Division (DOL) released the final rule “Establishing Paid Sick Leave for Federal Contractors.”

The rule (Executive Order 13706) requires contractors working on federal contracts to provide paid sick leave to certain employees.

Guidance on “Establishing Paid Sick Leave for Federal Contractors” is available on the HR and Employment Law section of SMACNA’s Labor Relations webpage. Read SMACNA’s paper, “Understanding the DOL’s Rules on Paid Sick Leave for Federal Contractors.”

SMACNA encourages all members who do federal work to become familiar with the guidance and review and revise their internal practices in consultation with local counsel.

For questions on these new rules, contact Joye Blanscett in SMACNA’s Labor Relations Department (jblanscett@smacna.org / (703) 803-2980).



Kelleher Elected NEBB President

Jim Kelleher, vice president of Metro Test and Balance, Inc. has been selected to serve as the president of the National Environmental Balancing Bureau (NEBB) for 2016-2017.

NEBB certified since 2000, Kelleher has served as a volunteer on the Chapter Affairs Committee for four years including two years as chair of the committee and NEBB Board of Directors for five years.

Prior to his joining Metro Test & Balance Kelleher served nine years in the U.S. Navy Nuclear Power Program on submarines and as an instructor.

Kelleher is an active SMACNA Mid-Atlantic Chapter member serving as chairman of the Sheet Metal Industry Promotion Fund and on the Air Testing and Balancing Task Force.

Kelleher also serves on the Capital MarVA NEBB International Chapter Board of Directors and is a member of the Chapter’s Technical Committee.

2016 Standard Mileage Rates for Business, Medical and Moving Announced

IR-2015-137

The Internal Revenue Service has issued the 2016 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2016, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

54 cents per mile for business miles driven, down from 57.5 cents for 2015

19 cents per mile driven for medical or moving purposes, down from 23 cents for 2015

14 cents per mile driven in service of charitable organizations

The business mileage rate decreased 3.5 cents per mile and the medical, and moving expense rates decrease 4 cents per mile from the 2015 rates. The charitable rate is based on statute.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179

deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously.

Beginning on January 1 the standard mileage rates for the use of vehicles will decrease from 57.5 cents per mile to 54 cents.

These and other requirements for a taxpayer to use a standard mileage rate to calculate the amount of a deductible business, moving, medical or charitable expense are in Rev. Proc. 2010-51. Notice 2016-01 contains the standard mileage rates, the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that a taxpayer may use in computing the allowance under a fixed and variable rate plan.



Register for....

What You Should Know About Collections: Liens, Prompt Payment Regulations and More!

Tired of waiting to be paid, financing work, or having to borrow needlessly?

This two hour seminar is for company owners, executives, project managers, comptrollers, and others with financial responsibilities.

When: January 24

10 a.m.— 12 noon

Where: 7833 Walker Dr.

Greenbelt, Maryland

(SMACNA Mid-Atlantic Chapter's Conference Room)

Hogan Proposes Mandatory State Wide Paid Leave



Governor Larry Hogan has announced plans to introduce legislation in the upcoming session of the Maryland General Assembly to provide common sense, balanced paid sick leave benefits that have the potential to cover nearly all working Marylanders without placing an unmanageable burden on job creators. During his remarks at a State House press conference, the governor reaffirmed his commitment to common sense policies that will make Maryland a more business-friendly state while ensuring a strong and healthy workforce.

“For the last few years, there has been a great deal of discussion and debate around the issue of paid sick leave in Maryland,” said Governor Hogan. “While all of us agree that more workers need sick leave in Maryland, it would be irresponsible to put a law on the books that unfairly penalizes our state’s job creators. It is clear that, in order to move forward, we must strike a balance between the needs of Maryland’s employees while not hurting our small businesses and continuing to foster a more business-friendly climate in our state.

“A strong majority of Marylanders want to see the state address this issue in a common sense way that benefits our workers while also protecting our small business job creators. We look forward to working with legislators on both sides of the aisle to reach an agreement on a balanced, fair, and common sense approach to paid sick leave.”

The Hogan administration’s proposal contains important provisions to protect Maryland’s small business community. Businesses with 50 or more employees will be required to offer paid sick leave totaling at least 40 hours per year, with the ability for employees to roll over a maximum of 40 hours each year. The proposal also calls for part-time employees to be covered after a minimum of 30 working hours. If a company already has a general leave policy that meets these minimum requirements, the state will not interfere. In addition, the state will honor existing

would apply to all 24 jurisdictions and supersede existing policies to ensure consistency and ease of compliance for job creators across the state.

SMACNA Mid-Atlantic, along with other specialty subcontractor associations, has opposed mandated paid sick leave due to the nature of the industry and the fact that it would interfere with the collective bargaining process.

The Hogan administration’s proposal contains important provisions to protect Maryland’s small business community.

collective bargaining agreements with unions. The 50-employee threshold matches current federal standards under the Family Medical Leave Act and the Affordable Care Act.

Maryland small business job creators with fewer than 50 employees that choose to offer paid sick leave will be eligible for tax relief incentives closely modeled after the top recommendation of the Augustine Commission, a bipartisan panel that identified strategies to improve Maryland’s business climate. These small business owners will be able to exempt the first \$20,000 of their income from taxes. The legislation will also provide protection for seasonal industries by exempting workers employed for less than 120 days in a 12-month period.

Governor Hogan says he is committed to giving Maryland workers the support they need without interfering with the policies of small businesses or putting jobs at risk. The Hogan administration’s believes its proposal would institute a fair and flexible statewide policy that

2017
HAPPY NEW YEAR