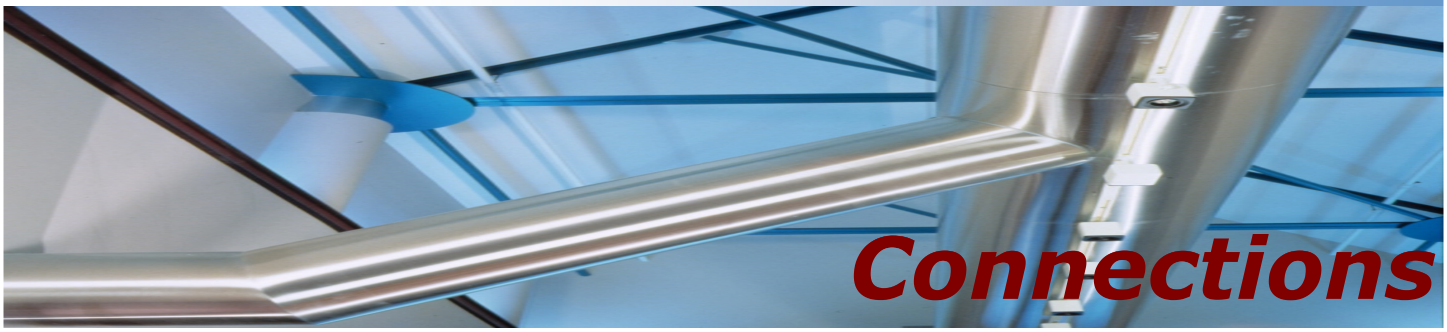
SMACNA Mid-Atlantic Chapter



Connections

November 2017

Inside this issue:

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D.C.'s Universal Paid Medical Leave Law

The Washington, D.C. City Council held their third round of public hearings on the recently passed Universal Paid Medical Leave Law (UPL) on October 10. The purpose of this hearing was to give interested parties the opportunity to speak out on various proposals on how to fund this program. This public hearing focused on five different pieces of proposed legislation on how the fund would pay benefits.

- B22-130, Paid Leave Compensation Act of 2017
- B22-133, Universal Paid Leave Compensation for Workers Amendment Act of 2017
- B22-302, Large Employer Paid-Leave Compensation act of 2017
- B22-325, Universal Paid Leave Amendment Act of 2017
- B22-334, Universal Paid Leave Pay Structure Amendment Act of 2017

These approaches to paid leave were grouped into three general categories: a public insurance program, a government mandate on employers, and a hybrid public/private model.

The city's plan would reimburse employees for 90 percent of their first $900 in weekly pay and 50 percent of their remaining weekly pay, with a cap of $1,000 per week.

The two bills getting the most attention were Councilmember Cheh's "Universal Paid Leave Amendment Act of 2017", which would require a "cost-sharing" model of "a covered employee… (paying) a fee into the Universal Paid Leave implementation Fund" and Chairman Mendelson's "Universal Paid Leave Pay Structure Amendment Act of 2017", which is an "Opt-In, Opt-Out" model that would allow "certain large businesses with over 100 employees, as well as certain small businesses with 100 or less employees to be exempt from the District-run universal paid leave program."

110 witnesses signed up to testify with each given three minutes to present their views. SMACNA Mid-Atlantic Chapter Executive Director Bernie Brill was 98th on the list. The hearing started at 10:30 a.m. and continued until 9:30 p.m. Other witnesses included Rhode Island State Senator Gayle Golden, SEIU 32BJ Vice President Jaime Contreras, Lisa Mallory of the DC Building Industry Association, ABC's Eric Jones, Carlos Jimenez of the AFL-CIO, along with representatives from the hotel and restaurant associations, and dozens of others.

The written testimonies of all of the witnesses may be found at:

http://chairmanmendelson.com/wp-content/uploads/2017/10/10.10.17-Paid-Leave-Amendments-Testimony.pdf

Upcoming Events & Meetings —

Be Sure You and Your Key People are Registered for:

- November 6 – MCAMW/ASHRAE Tradeshow
  N. Bethesda Marriott Convention Center
  4:30 - 8:30 p.m.
- November 16 – "A Foreman's Field Guide to Developing Your Workforce;"
  7:30-11:30 a.m.
  Greenbelt, MD

Just Announced!

- June 13 - Trap & Skeet Shooting
  4 - 7 p.m.
  Prince George's County Trap and Skeet Center

Advanced registration is required for all events.

For more information: www.smacnaatl.org and www.smacna.org

Chapter Members Participate in 2017 SMACNA Annual Convention

CMC's Geoff Parks with John and Carol Santivasci

SMACNA Mid-Atlantic Chapter Members participated in the 2017 SMACNA Annual Convention in Maui, Hawaii October 22-25. According to SMACNA's President and CEO Vince Sandusky, this was the largest SMACNA Convention with more than 1,400 attendees.

Members were treated to a variety of educational and social events that included presentations from SMART President Joe Sellers at the Labor Seminar. Sellers told contractors of his meeting with President Donald Trump and the follow-up conversations with his administration regarding the country's infrastructure.

On Tuesday, October 24th Chapter Members enjoyed a night in Lahaina with dinner at Kimo's Restaurant. This year the Mid-Atlantic Chapter was joined by members of the SMACNA Southeastern New York Chapter.

Chapter Members Enjoying Chapter Night in Lahaina

Nic Bittle, who will be speaking at the November 16th educational program in Greenbelt, spoke to business owners and executives about the need to train new workers to replace the many people who will be retiring in the coming years.

His program, "Six Million Dollar Foreman: How SMART Contractors Identify, Train, and Promote Their Top Talent" attracted a standing room only crowd.

Bittle's program for the upcoming SMACNA Mid-Atlantic Chapter will focus on preparing foremen and other supervisors to improve their skills as team leaders. His presentation will focus on taking communications to a new level and other tactics to help companies become more productive and more profitable.

Jerry and Deborah Robinson

Another very popular program was with accountant Ronald Eager who discussed what contractors could expect with the impending tax reform legislation.

All business leaders must be aware of and ready for the expected tax incentives and lower tax rates that are expected to become available.

Eager spent a considerable portion of his time discussing the very popular 179D (tax credit) program which many contractors took advantage of in past years. But despite its wide support and popularity, 179D has never been a part of the tax code and has repeatedly been renewed by Congress after lapsing. The deduction most recently expired on December 31, 2016. SMACNA and other organizations have been working to not only have this renewed, but make it a permanent part of the tax code.

Rebuild Our Rickety Roads and Bridges Through Tax Reform

By Jack Jacobson

Momentum is building for the first overhaul of the nation's convoluted tax code since the Tax Reform Act of 1986. With Republicans in control of Congress and the Trump administration eager to sign legislation providing tax relief for Americans, we're approaching a unique moment of time where the impossible may be possible.

Signatory contractors — comprising thousands of businesses providing middle-class salaries, health-care benefits and pensions for over one million employees across the country — understand what some of the major components should entail and how infrastructure investment through smart tax policy can grow our economy for decades.

Construction firms are in a unique position to understand the real-world effects of tax reform for businesses, their employees and the families that depend on the blue-collar jobs that built America's middle class.

While lowering the corporate tax rate is critical to the success of the tax reform effort, there are many tax incentives in the code that must be maintained to ensure continued success of family-owned businesses. The current tax rate of 35 percent must be reduced to allow U.S. firms to compete with foreign competitors.

The code should also promote voluntary and mandatory investment in infrastructure. The country currently needs about $4 trillion in infrastructure investment, and President Trump has committed to $1 trillion over 10 years, though details remain sparse.

Repatriation of overseas earnings could return $2 trillion in capital currently locked in overseas accounts, and a portion of repatriated funds should be dedicated to infrastructure needs, either by mandate or through favorable tax treatment.

This capital could launch a huge wave of financing for buildings and infrastructure. With less direct spending available from the U.S. Treasury for investing in roads, buildings, infrastructure, power systems and the like, cities, counties and states are providing the majority of infrastructure investments through the issuance of hundreds of billions of dollars in tax-exempt municipal bonds.

Maintaining tax provisions that support employees and middle-class families should also be a key component of true tax reform. Historically, health insurance benefits have not been treated as income for employees, allowing companies to provide lower-cost and more comprehensive health coverage for employees without increasing their tax liability.

The construction industry has consistently provided affordable health insurance to our employees, and millions of Americans depend on the health coverage signatory contractors provide for acute and chronic illnesses.

One way to ensure continued infrastructure investment is to raise the federal gasoline excise tax, which has been stubbornly stuck at 18.4 cents per gallon since 1993. Since the gas tax was last adjusted, inflation has grown by 64.6 percent.

Had the gas tax increased by the same amount, in 2014, the Treasury would have collected an additional $16 billion in gas taxes; diesel and specialty fuels similarly indexed would put that number even higher.

At a time of historically low gasoline prices, consumers can absorb a modest increase in the gasoline tax while collectively contributing to necessary infrastructure investments.

Another way to raise revenue without imposing new or additional taxes is to increase IRS enforcement of legitimate taxes owed and not paid for key programs, such as employee misclassification.

Employee misclassification occurs when an employer improperly classifies an employee as an independent contractor to gain a competitive advantage at the expense of responsible, lawful companies and depriving employees of benefits they deserve.

It is estimated that between $3-4 billion in federal income and employment tax revenue is lost each year due to worker misclassification.

Tax reform is unquestionably a difficult endeavor and can wreak havoc on the construction, real estate and development sectors of the economy if poorly crafted.

Construction Employers of America — our 15,000 small, medium and larger business members and our 1.4 million employees — can be a model of how to support both businesses and employees while reflecting our common values through tax reform policies that grow the economy and address the infrastructure crisis we face across the nation.

Jack Jacobson is the official spokesperson for Construction Employers of America, a coalition of seven national construction specialty contracting associations, working to raise awareness among policymakers, opinion leaders and the general public about the value of American construction.

Chapter Members Tour Ductmate Industries

On September 27th members of the SMACNA Mid-Atlantic Chapter Association travelled to Monongahela, Pennsylvania (just south of Pittsburgh) to visit and tour Ductmate Industries, Inc. (DMI).

Ductmate Industries Inc. is the largest heating, ventilation and air conditioning (HVAC) accessories manufacturer in North America and does business throughout the U.S. and around the world.

Making the trip and pictured left to right were **Josh Sanders** (Benedict Metals, Inc.); **Nick Vendemia** and **Geoff Parks** (CMC Sheet Metal); **Ray Yeager** (host and president of Ductmate, Inc.); **Rob Smith** (K.G. Sheet Metal, Inc.); and **John Sorna** (host and Ductmate's Northeast Regional Manager.) Not pictured is SMACNA Mid-Atlantic Chapter Executive Director **Bernie Brill** who was behind the camera.

The trip was a great learning and networking experience. Members not only met and got acquainted with Ductmate's top management people, but saw first-hand how specific products were manufactured. All agreed that it was a very beneficial experience!

Stats Show Only Modest Increase in Inflation

The Bureau of Labor Statistics said that consumer prices rose by 0.5 percent in September, extending the 0.4 percent gain seen in August and rising at the fastest monthly rate since January. The uptick over the past two months has come primarily from higher energy costs, up 2.8 percent and 6.1 percent in August and September, respectively.

Gasoline prices led the increases, increasing 6.3 percent and 13.1 percent in those months, with recent hurricanes helping to accelerate those costs. At the same time, food prices edged up 0.1 percent, primarily from food purchased away from home. Since September 2016, food and energy costs have increased 1.2 percent and 10.1 percent, respectively.

Overall, the consumer price index (CPI) increased 2.2 percent year-over-year in September, up from 1.9 percent in August and a five-month high. Pricing pressures had picked up earlier in the year but had waned over the summer months.

As noted above, the pickup in inflation has mostly come from the uptick in energy costs. Core consumer prices, which exclude food and energy costs, inched up 0.1 percent in September, or 1.7 percent year-over-year. As such, overall pricing pressures remain modest—even with the recent pickup—and mostly under control for now. Nonetheless, the Federal Open Market Committee is still likely to raise short-term interest rates at its December 12–13 meeting, mostly on improvements in the macroeconomy and from general tightening in labor markets.

CLRC Settlement Report for September

The Construction Labor Research Council reports labor settlements from January - September 2017 averaged 2.6 percent ($1.44). The overall median increase for this period was 2.5 percent ($1.50). The median is the rate at which half of the agreements are higher and half are lower.

Regionally speaking, the lowest average occurred in the South Central region at $0.81 (median =$0.81) and the highest average was in the Southwest Pacific region at $2.08 (median=$2.00).

Mark your calendar- For:

ASHRAE/MCA Metropolitan

Washington Tradeshow

Monday, November 6

Bethesda Pooks Hill Marriott

5151 Pooks Hill Road

Bethesda, Maryland

Join architects, engineers, mechanical contractors and others for an evening of:

- **Great Networking**
- **Terrific Food**
- **And visiting with industry leaders and decision makers.**

For more information please contact SMACNA Mid-Atlantic Chapter at

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