



SHEET METAL AND AIR CONDITIONING CONTRACTORS' NATIONAL ASSOCIATION, INC.

## Massive Federal Construction Spending Bill Generates Major Public Market Opportunities for SMACNA Firms: **Act Now!**

- Certain agency funding will be contractually committed within 120 days or returned to the federal coffers for reallocation to other states and local governments.
- SMACNA Chapters and contractors should be in touch with local and state procurement officials to make certain they are well positioned for stimulus project bids.

***The Congress passed H.R. 1, The American Recovery and Reinvestment Act (ARRA) of 2009 and the President signed the bill into law Tuesday, Feb. 17 in Denver, CO. The plan includes historic and massive levels of infrastructure investment, most especially for energy efficiency retrofit projects across nearly all federal building categories. The Act targets 75 percent of federal buildings for high efficiency retrofits--which should benefit SMACNA contractors. In addition, new federal construction is a prominent part of the federal building stimulus effort including military, health, transportation, environmental and general public office structures. As part of the stimulus package Congress included Davis-Bacon coverage for every dollar of spending and the White House, in a separate action, added Project Labor Agreement consideration for each project of significant size.***

**PUBLIC WORK IN THE PIPELINE SOON: If you have not done federal project work before now, you may wish to reconsider. Not only is there the long list of specific program line items, there are tens of billion dollars more in the Department of Defense (DOD) and Housing and Urban Development (HUD) appropriations for an even longer list of energy efficiency projects and tax incentive options. Other individual agency line items specifically list energy efficiency upgrades and new projects as earmarked expenditures.**

**WHAT CAN YOU DO NOW? Be aware that some of the project monies will be awarded quickly. Chapter and SMACNA members must be in contact with local procurement and building officials to be tuned in to what monies are being requested for projects in their area. Any "joint venturing partnerships" you have used in the past should be nurtured. Both of these strategies should keep you at the top of the list when bidding or awards come out. It was announced that most DOT funds will be out by March 1 or before! Some projects are underway today because select transportation funds were distributed earlier this week!**



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**WATCH FOR MORE INFRASTRUCTURE FUNDING INITIATIVES COMING SOON – We will keep you updated! Watch for information updates on the federal construction effort because there is going to be a lot more public works, spending and tax incentives coming out of the Congress this session. These include the following additional infrastructure funding bills on the Congressional agenda for quick action:**

- \$410 billion Congressional Omnibus Appropriations bill (March 2009)
- Congressional Emergency Supplemental Appropriation bill (March 2009)
- Comprehensive Energy Efficiency Policy Act (Spring/Summer)
- Airport and Highway / Mass Transit Appropriation (Spring)

**The American Recovery and Reinvestment package items of interest for SMACNA firms include:**

**ENERGY [\$30.6 billion]**

- Electricity grid, including "Smart-Grid" activities: \$11 billion
- **Home-weatherization assistance: \$5 billion**
- **Energy-efficiency and conservation state and local grants: \$6.3 billion**
- **Renewable-energy loan guarantees: \$6 billion**

**BUILDINGS [\$13.4 billion]**

- **GSA federal buildings, energy-efficiency upgrades: \$4.5 billion**
- **Airport Improvement Grants: \$1.1 billion**
- **Transportation Facilities and Equipment: \$200 million**
- **Border stations, ports of entry: \$300 million**
- **Facilities on federal and tribal lands: \$3.1 billion**
- **Fire stations (federal grants): \$210 million**
- **GSA new Dept. of Homeland Security headquarters: \$450 million**
- **GSA U.S. courthouses, other federal buildings: \$300 million**
- **Agriculture Dept. buildings / facilities: \$200 million**
- **Agriculture Dept. rural facilities: \$130 million (\$1.234 billion in loans)**
- **NIST construction: \$360 million**
- **NOAA procurement, acquisition and construction: \$430 million**
- **NASA construction (hurricane damage repairs): \$50 million**
- **National Science Foundation facilities modernization: \$200 million**
- **NSF major research equipment and facilities construction: \$400 million**
- **DHS consolidation: \$200 million**
- **DHS ports of entry: \$420 million**
- **Smithsonian facilities: \$25 million**

- **National Institutes of Health, grants for construction, renovation of non-NIH research facilities: \$1 billion**
- **NIH buildings and facilities (construction, renovation): \$500 million**
- **Social Security Administration Computer Center replacement: \$500 million**
- **State Dept. Capital Investment Fund: \$90 million**
- **Bureau of Indian Affairs facilities: \$500 million**
- **Indian Health Services: \$500 million**
- **Economic Development Administration: \$150 million**
- **Job Corps facilities: \$250 million**
- **Vocational Rehabilitation State facilities: \$400 million**

#### **DEFENSE / VETERANS [\$7.8 billion]**

- **VA: \$1.25 billion for hospital and other facility construction and upgrades**
- **DOD: \$4.24 billion for "facilities sustainment, restoration and modernization," includes energy-efficiency improvements, plus repair and modernization of DOD buildings, including medical facilities.**
- **DOD: \$2.33 billion for facilities projects, including housing, hospitals, child-care centers, other military "quality-of-life" projects.**
- **DOD: \$120 million for energy efficiency upgrades**

#### **HOUSING/HUD [\$9.6 billion]**

- **HUD Public Housing Capital Fund: \$4 billion**
- **HUD redevelopment of abandoned and foreclosed homes: \$2 billion**
- **HUD energy retrofits, "green" projects in HUD-assisted housing projects: \$250 million**
- **HUD Community Development Block Grants (housing, services, infrastructure): \$1 billion**
- **HOME investment partnerships: \$2.25 billion**

#### **SCHOOLS**

- **No specific line item, but \$39.5 billion of the bill's \$53.6-billion**
- **Impact aid construction grants to school districts: \$100 million distributed 60 percent competitively allocated for emergency repairs and modernization and 40 percent by established formula.**
- **State Fiscal Stabilization Fund will go to local school districts, and school modernization is one of several eligible uses for that \$39.5 billion.**

- **Local school officials will decide how to use the funds and have announced projects in some cases in the week following the enactment of the package.**

#### **WATER AND ENVIRONMENT [\$20.1 billion]**

- **DOE environmental cleanup: \$6 billion**
- **EPA Clean Water and Drinking Water funds: \$6 billion**
- **EPA cleanup, including Superfund: \$1.2 billion**
- **Agriculture Dept., rural-water and waste-disposal facilities: \$1.28 billion appropriations, to support \$3.8 billion in loans and grants**
- **Corps of Engineers civil works: \$4.6 billion**
- **Bureau of Reclamation: \$1 billion**

#### **TAX INCENTIVES FOR BUSINESS AND ENERGY EFFICIENCY**

- **The stimulus Act contains tax incentives that may help construction, including one that allows states or localities to issue new "Build America" tax-credit bonds for 2009 and 2010.**
- **Other breaks are aimed at boosting sales of equipment and capital goods.**
- **Among them is a one-year extension through 2009 of the Section 179 incentive, which lets small businesses deduct from income up to \$250,000 of capital expenditures in the year the items are purchased.**
- **Also extended for one year, through 2009, is a bonus depreciation break that lets companies immediately deduct 50% of the costs of depreciable goods, such as construction equipment. While the extensions of Section 179 and bonus depreciation should be important for our members and some firms will be able to use both incentives, Section 179 is limited to companies with \$800,000 in annual capital spending.**
- **The stimulus' tax title has \$19.6 billion in energy tax incentives, many of them for renewable energy systems and conservation retrofits.**
- **By far the largest is a three-year extension of the production tax credit for new renewable-energy projects.**
- **Breaks for residential energy-efficiency work also are expanded or extended.**
- **In addition, the bill creates a 30% investment tax credit for companies that manufacture products used in conservation, producing renewable energy, electricity transmission and distribution, carbon capture and sequestration.**
- **The final tax title included an important provision allowing companies' with gross receipts of \$15 million or less the ability to "carry back" 2008 operating losses to offset profits recorded in five earlier years.**

- **ARRA dropped the repeal of the onerous 3% withholding law to take effect in 2011 to instead delay the 3% withholding to 2012.**

SMACNA, with the SMWIA and other varied coalitions advocated in letters, on the radio and in print ads for a true stimulus package targeting energy efficient building infrastructure. We vocally promoted substantial federal investment in infrastructure including schools and other public buildings. We advocated for increased spending for energy efficiency in public and generous tax incentives to stimulate economic activity in new and retrofit work in privately owned buildings. We delivered countless letters to Capitol Hill and sent out legislative alerts to get SMACNA members and chapters to weigh-in for support of our initiatives. We supported six ads in Roll Call newspaper to help get our message to the Hill. SMACNA is encouraged to see that the ARRA will now target approximately \$110 billion in infrastructure spending, more than half of that number to many building categories our firms should be leading candidates to successfully compete.

**Watch the membership mailing, SMACNEWS and the website for updates on the process. Contact the Capitol Hill Office for more information at 202.547.8202. Contact your chapter executive for additional information on local and state project funds.**