



SMACNA Report

SMACNA 2025 Convention
October, 2025

Government & Political Affairs

Politics and Policy Overview
Outlook for the 119th Congress

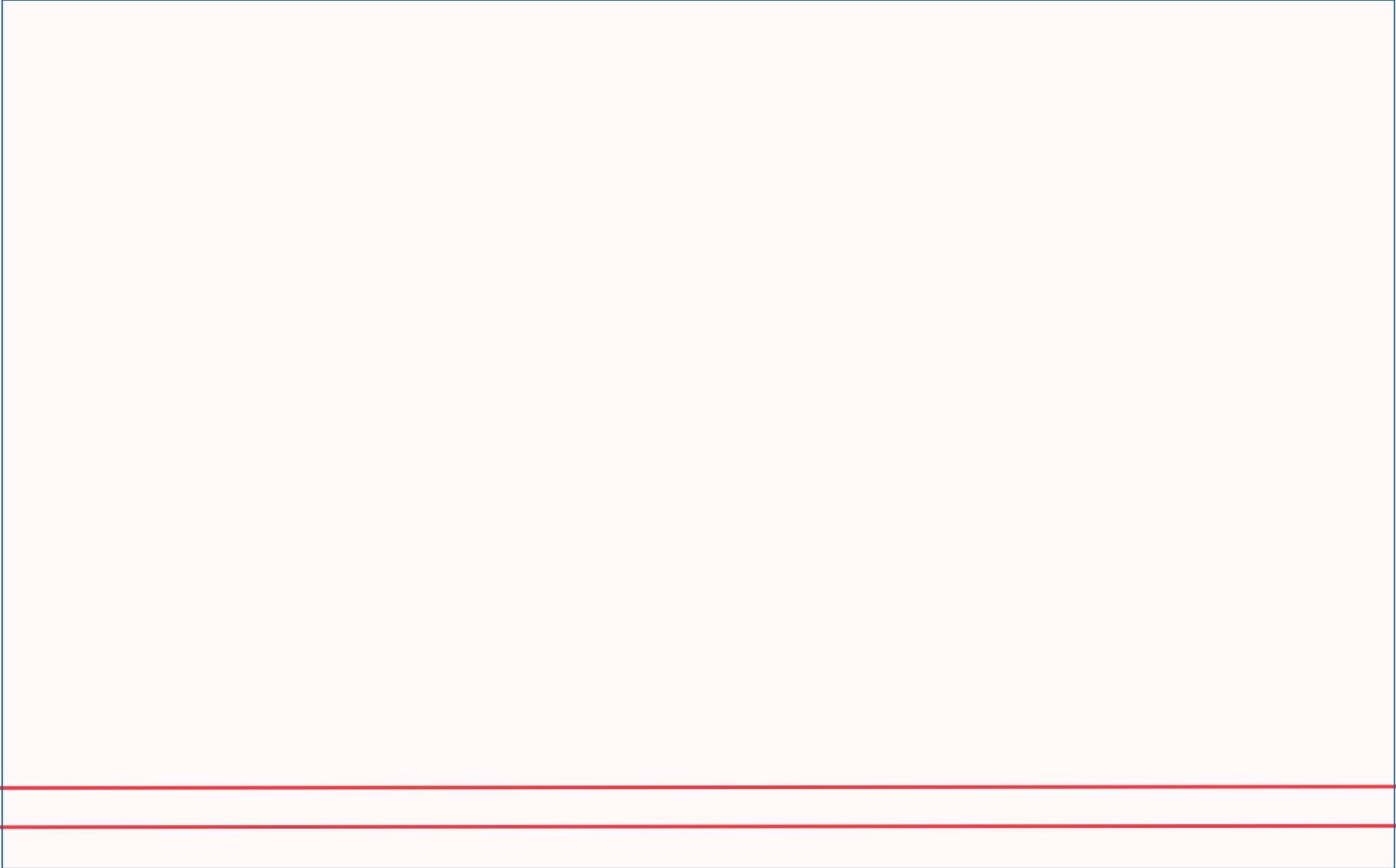


Stanley E. Kolbe, Jr.
Executive Director, Government & Political Affairs

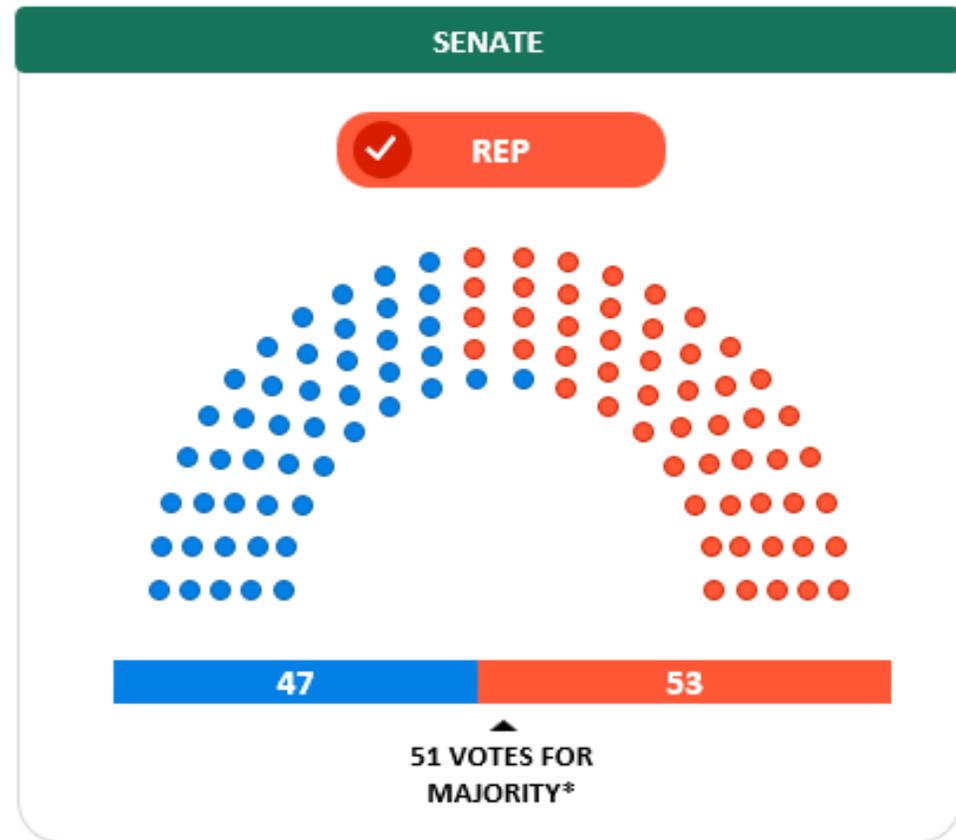
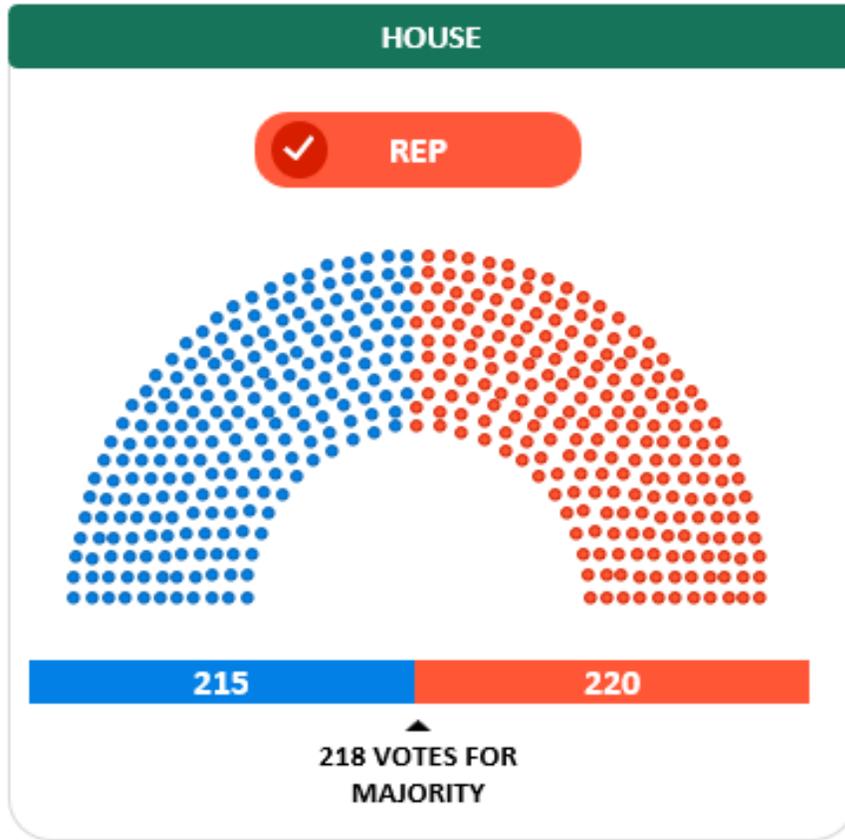
GOVERNMENT AFFAIRS



Congressional Calendar



2025 – The 119th Congress



Republican Not Called

Democrat

*Independent Senators Sanders (I-VT) and King (I-ME) counted as Democrats

Trump underwater on all key issues

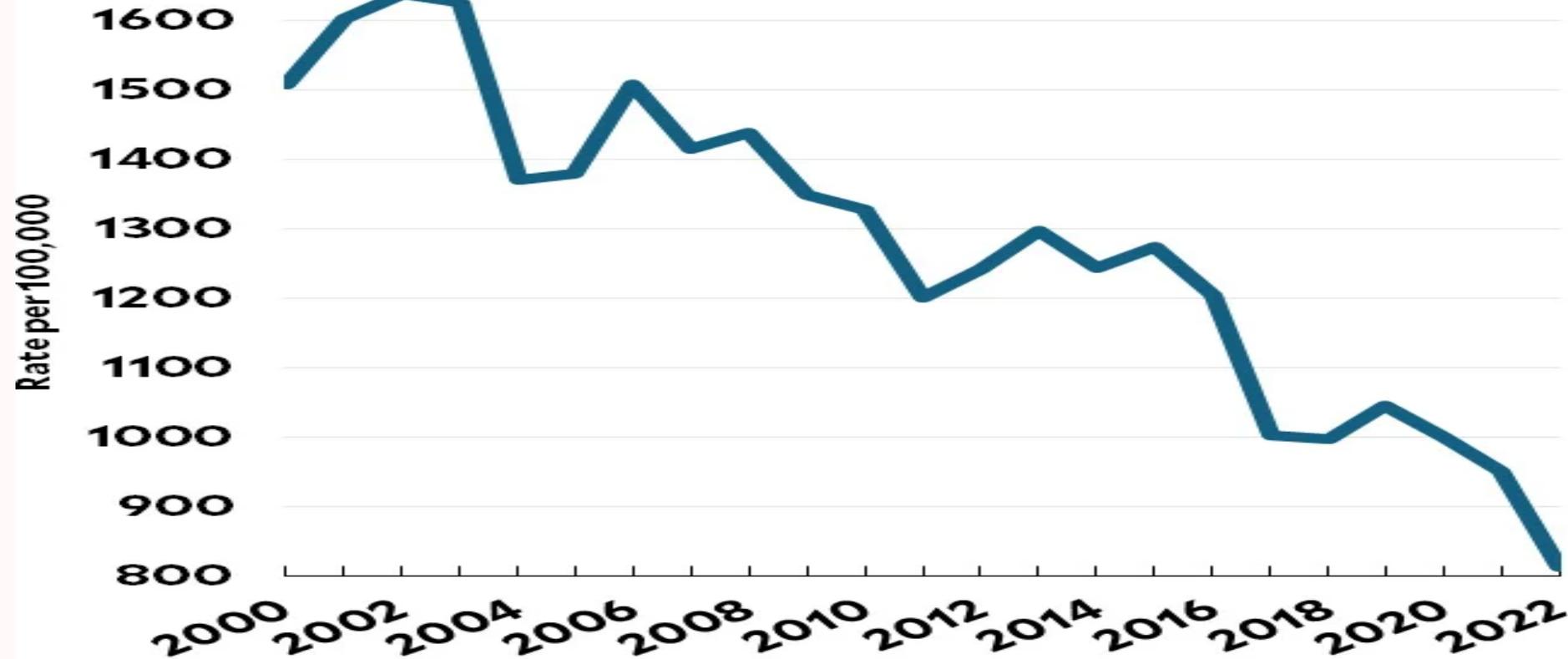
Average job approval rating for Donald Trump overall and on issue-specific poll questions. For issues, averages are a mix of a 14-day moving average and modeled estimates.*



Averages computed by G. Elliott Morris. Approval data from Mary Radcliffe. Based on earlier data from Zenith Research.
*Modeled estimates are a blend of the implied issue-specific average given Trump's overall rating on each day, and a polynomial trend line estimating opinion over time.

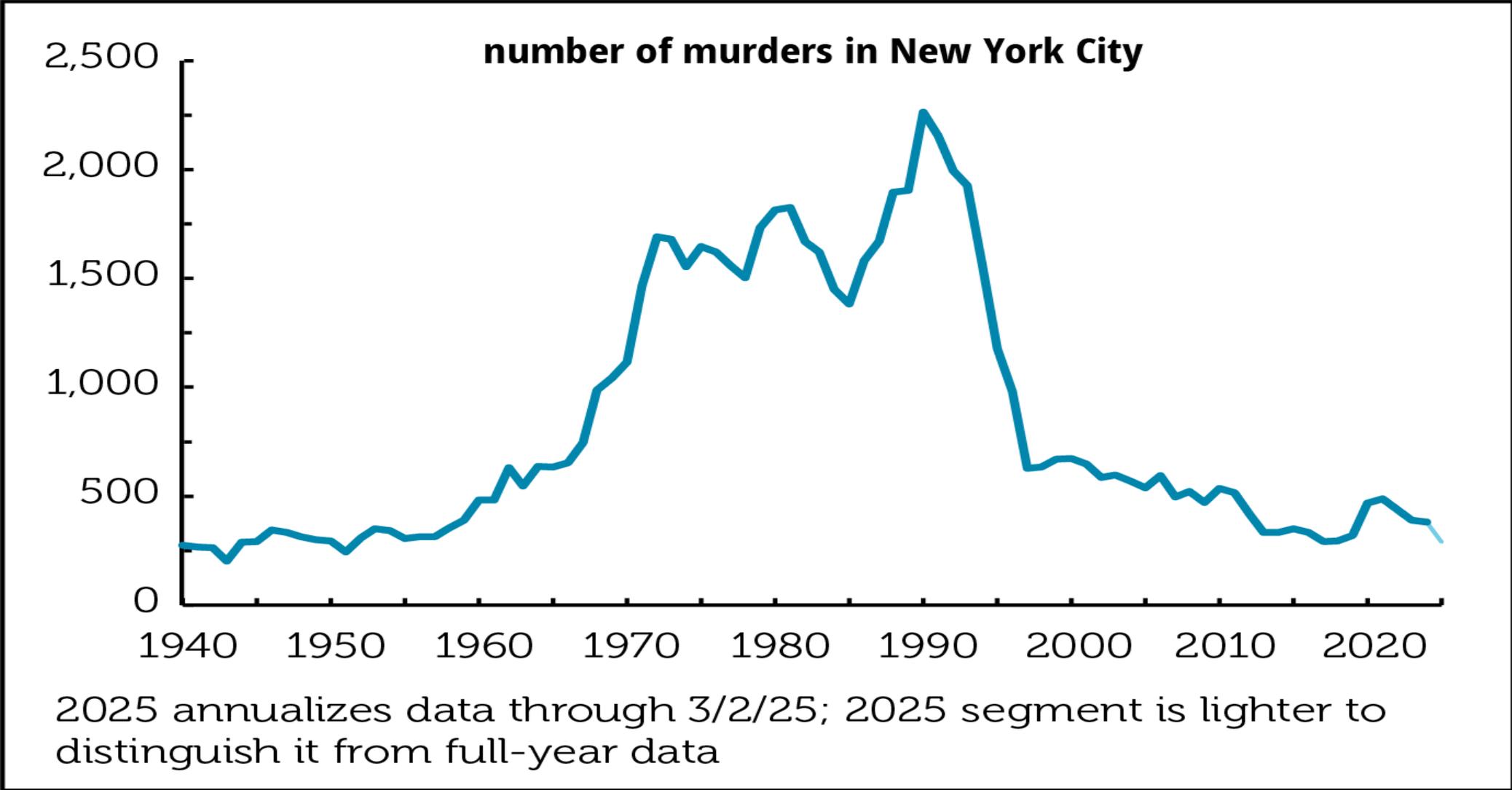
Source: gelliottmorris.com • [Embed](#) • [Download image](#) • Created with [Datawrapper](#)

Violent Crime Rate Washington DC

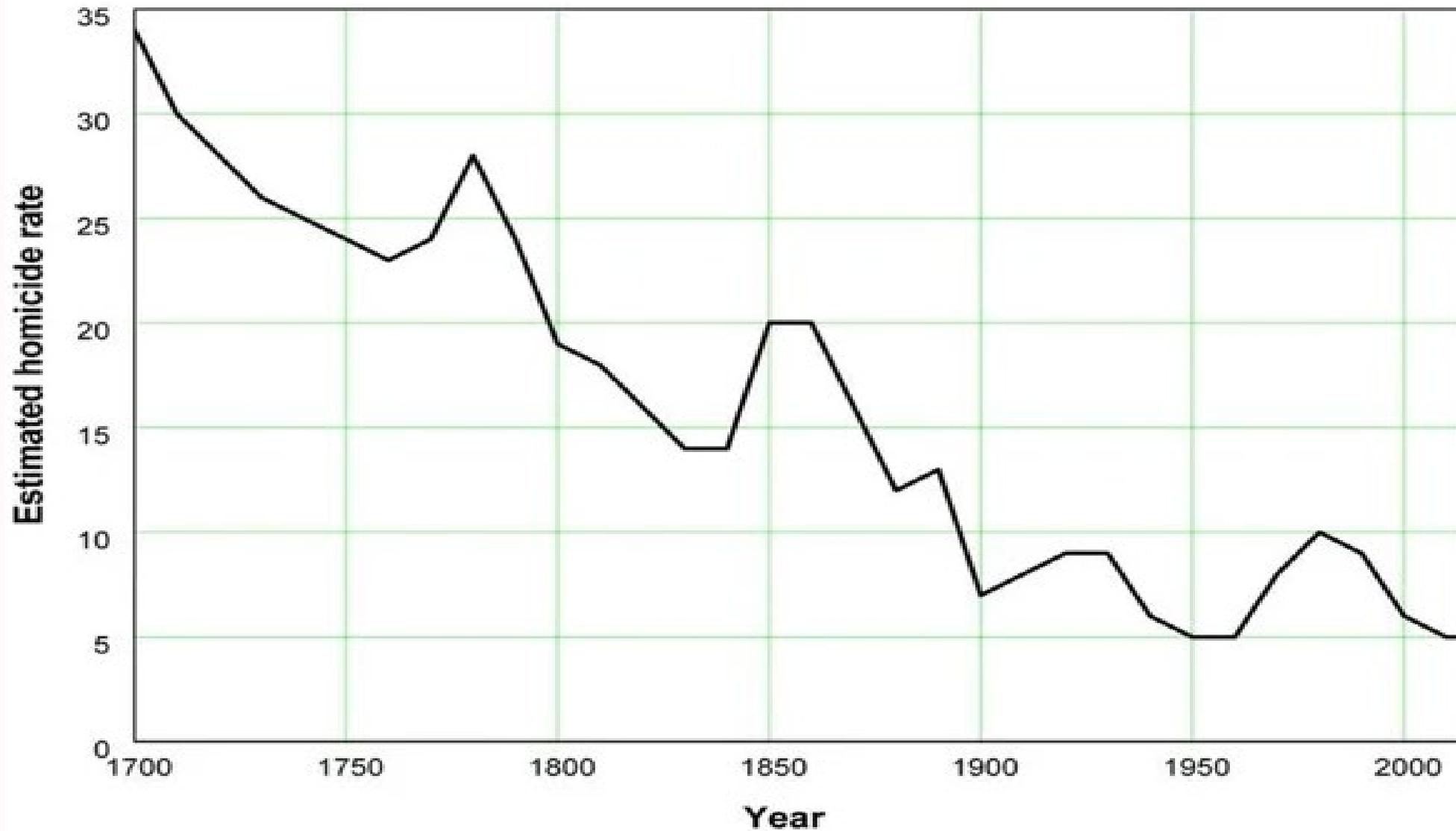


Source: FBI

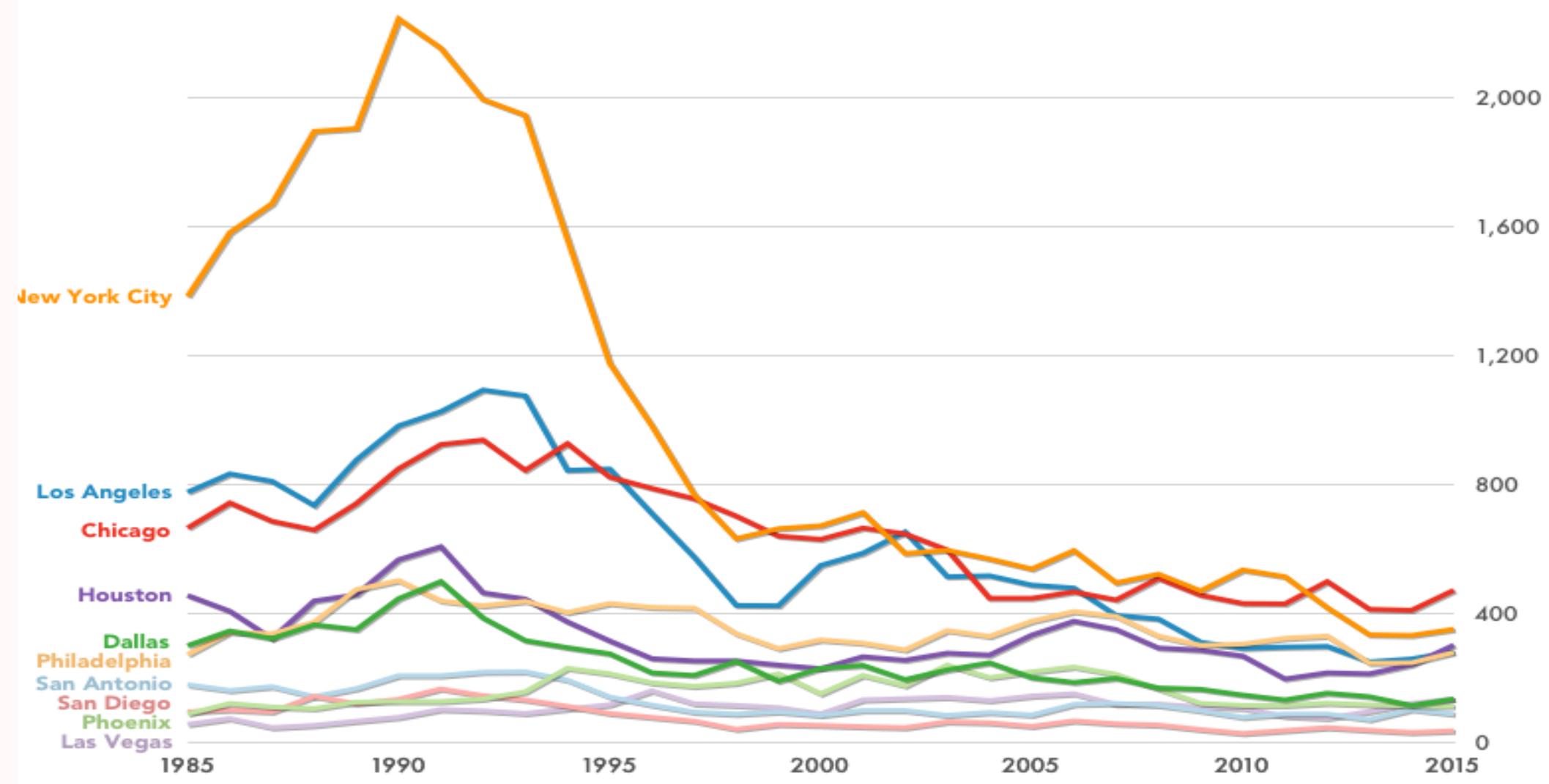
KEVIN DRUM



Homicide Rate in the US Over Decades From The First Years



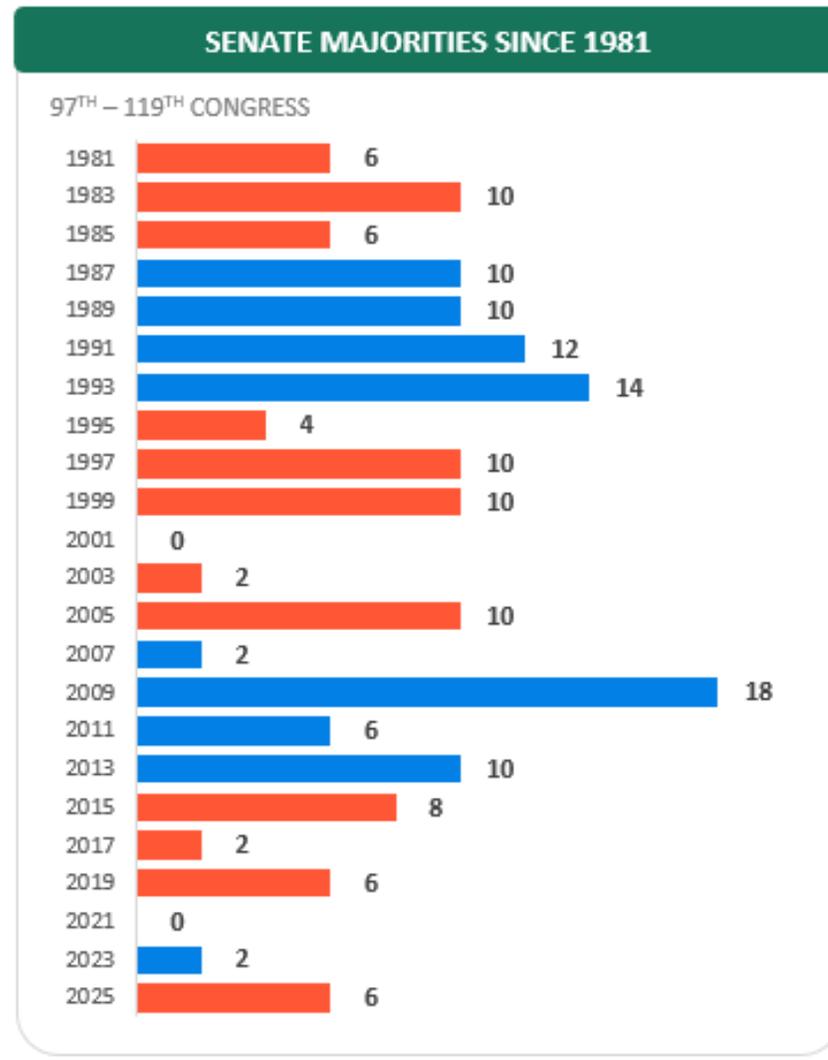
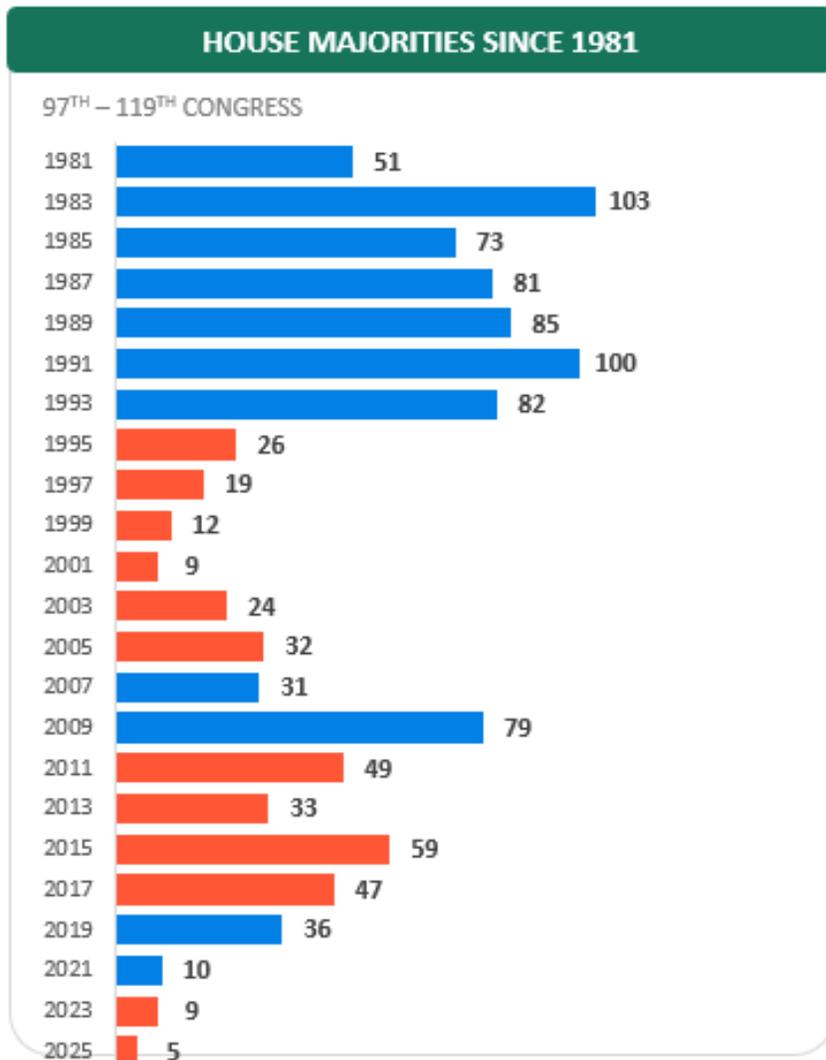
MURDERS PER YEAR IN 10 LARGEST U.S. CITIES



Source: Compiled by the Prison Policy Initiative from FBI UCR reports for 1985-2014 and Major Cities Chiefs Association Violent Crime Statistics for 2015



Congressional Majorities Within Historical Context



Heads of Executive Departments



STATE
Marco Rubio



TREASURY
Scott Bessent



DEFENSE
Pete Hegseth



AG
Pam Bondi



INTERIOR
Doug Burgum



AGRICULTURE
Brooke Rollins



COMMERCE
Howard Lutnick



LABOR
Lori Chavez-DeRemer



HHS
RFK Jr.



HUD
Scott Turner



TRANSPORTATION
Sean Duffy



ENERGY
Chris Wright



EDUCATION
Linda McMahon



VA
Doug Collins



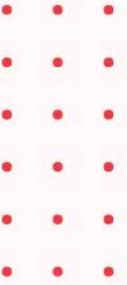
DHS
Kristi Noem

SOURCE USA Today.

PRESENTATION CENTER 11/26/24



Trump Administration Engagement Issues



SMACNA offered the Trump DOL Transition leadership policy recommendations on the following:

- 1. Promote Sound Infrastructure Policies to replace our nation's aging infrastructure**
 - 2. Prepare the Next Generation of Skilled Workers - Registered Apprenticeship Programs (RAPs)**
 - 3. Protect and Enforce Contractor Prevailing Wage Laws**
 - 4. Close Employee Misclassification Loophole through reform of existing tax law**
 - 5. Federal Procurement Policy Should Promote the Use of Project Labor Agreements (PLAs)**
 - 6. Reform Change Order Rules on Federal Construction Projects**
 - 7. Support CHIPS Manufacturing Construction Activity and IRA Energy Efficiency Incentives**
 - 8. Invest in Energy Efficient Buildings and enforce strong and attainable building codes**
 - 9. Support Responsible Employers Through Bid Listing on Federal Contracts**
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SMACNA Governmental Affairs Report: October 2025

- **A new staff in the CHO! Jared Karbowsky is on board as of June 2**
- **House Legislative Director – US Rep. Don Norcross (D-NJ) Head of Building Caucus**
- **3 years+ as a GA Assistant director at NECA's Capitol Hill Office / A Friend of SMACNA and partner on many issues from pensions, to workforce to ERISA and energy. A team player and booster of union contractors.**

The 2025 SMACNA Washington Conference – Attended Past Conferences... Attend in 2026!

- **While survey data shows 2025 was another success, we will host our own next year**
- **Share with me and staff your input and review of what you liked, didn't like, ideas to get you there next year, even for the first time..**

Congressional Overview

- **Trillions of Dollars and Labor Standards in the IRA, CHIPS and Infrastructure still on the Line in 2025 IF Congress returns and 2026... Most of that total held up by OMB, impounded or frozen. Some approved projects are now in the courts for bid and awarded projects.**

Legislative Goals on Track and Making Progress – January to October 2025



- **Secure Extension of R&D Tax Credits, Expensing / Section 179** Bonus Equipment Depreciation provisions / **HR 1**.
- **Defend the IRA** tax incentives for private construction incentives / public projects.
- **FAA 5 – Year \$130 billion Reauthorization: New** HVAC Energy Efficiency Work / Terminal Energy Upgrades / **SAFE Now**
- **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 tariff cost resolution of the remainder once certified by contracting officer. Lobby effort will be doubled in the coming Congress. NDAA House Amendment strategy.
- **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.
- **Advocate for The SAFE Banking Act** – House and Senate bills awaiting reintroduction - provide access to the federal banking system for cannabis related industry payments.
- **Defend PLAs / Davis-Bacon Act** – Oppose expected sneak attacks with repeal bills.
- **IAQ in Schools and IAQ Commercial Building Assessment Tax Credit – reintroduction in 2025.**
- **Boost Registered Apprenticeship** - Support funds for skilled workforce development programs Bipartisan package in 2025.
- **Commercial Conversion Tax Credits** – Reps Carey (R-OH) and Gomez (D-CA) on Ways and Means Committee / Meeting next week with Rep Carey to discuss next steps.

Legislative Goals on Track and Making Progress (Cont.)



Now on to the Reconciliation Package – HR 1 – Passed House by 1 Vote / Then 4 Votes / Senate by 1

- **Bill had “issues” raises deficit by \$4 trillion, cuts health plans, ends key efficiency programs and Senate does not agree with House.**
- **The Senate did what it wanted, in the final week and the House will now seek corrections and adding back the energy tax credits ... in late year tax extenders package ... or early 2026. House wants them back in law... soon.**

These SMACNA supported H.R. 1 tax credit and incentive programs enacted as part of:

- **The Tax Cut and Jobs Act (TCJA)**
- **Bipartisan Infrastructure Law**
- **Inflation Reduction Act (IRA), and**
- **The CHIPS and Science Act**

All have catalyzed efforts to rebuild the nation’s infrastructure and led to record investments in the construction, expansion, and modernization of domestic manufacturing and advanced energy facilities.

Legislative Goals on Track and Achieving Big Changes for Contractors (Cont.)

SMACNA asked both parties in the House to support and to pass and extend within H.R. 1 the essential private project job creating bipartisan tax incentive provisions:

- **The 179D Energy Efficient Commercial Building Retrofit incentives**
- **Retroactive Extension and Permanence for 174 R and D Expenditures;**
- **Retroactive Extension of the 100% Bonus Depreciation investment under Section 179.**
- **The flat 21% corporate tax rate under Section 11 and the 20% pass through business deduction under Section 199A;**
- **The 45Q Carbon Oxide Sequestration credit**
- **Essential energy efficient tax credits and incentive programs, such as:**
 - the 45U nuclear credit and the Civil Nuclear Credit Program
 - the Section 48A Geothermal Heat credit
 - the 48E tech neutral investment tax credit
 - the production and investment tax credit and
 - the 45X Advanced manufacturing investment credit (authorized in CHIPS Act)



H.R. 1 Now Signed Into Law in July: A summary of the provisions SMACNA and its members endorsed and advocated:

- **Bonus Depreciation** - Restored the deduction of 100% of qualifying property costs in the year placed in service, including past projects, to boost cash flow and tax savings.
- **Section 179 Expensing Expanded** – To allow instant expensing of up to \$2.5M in equipment or property purchases with new, higher limits and inflation adjustments.
- **Section 179D Energy-Efficient Deduction** – Continues to allow owners to claim up to \$5.00/sq ft for energy upgrades in new builds and renovations—applies to both private owners and public building designers. The bill keeps the incentive in place to **2026**.
- **The Advanced Manufacturing Investment Tax Credit** – **The credit is increased from 25% to 35% for technology related projects, often **Chip plants****, started by the end of 2026.
- **Section 45L Home Energy Credit** – While the incentive survived efforts to repeal it now, so homeowners get \$2,500–\$5,000 per unit for building energy-efficient single-family or multifamily housing, until the end of 2026.
- **Section 174/174A R&E Deduction Reinstated** – Provides immediate deductions for domestic R&D expenses instead of amortizing over five years, retroactive to 2022.



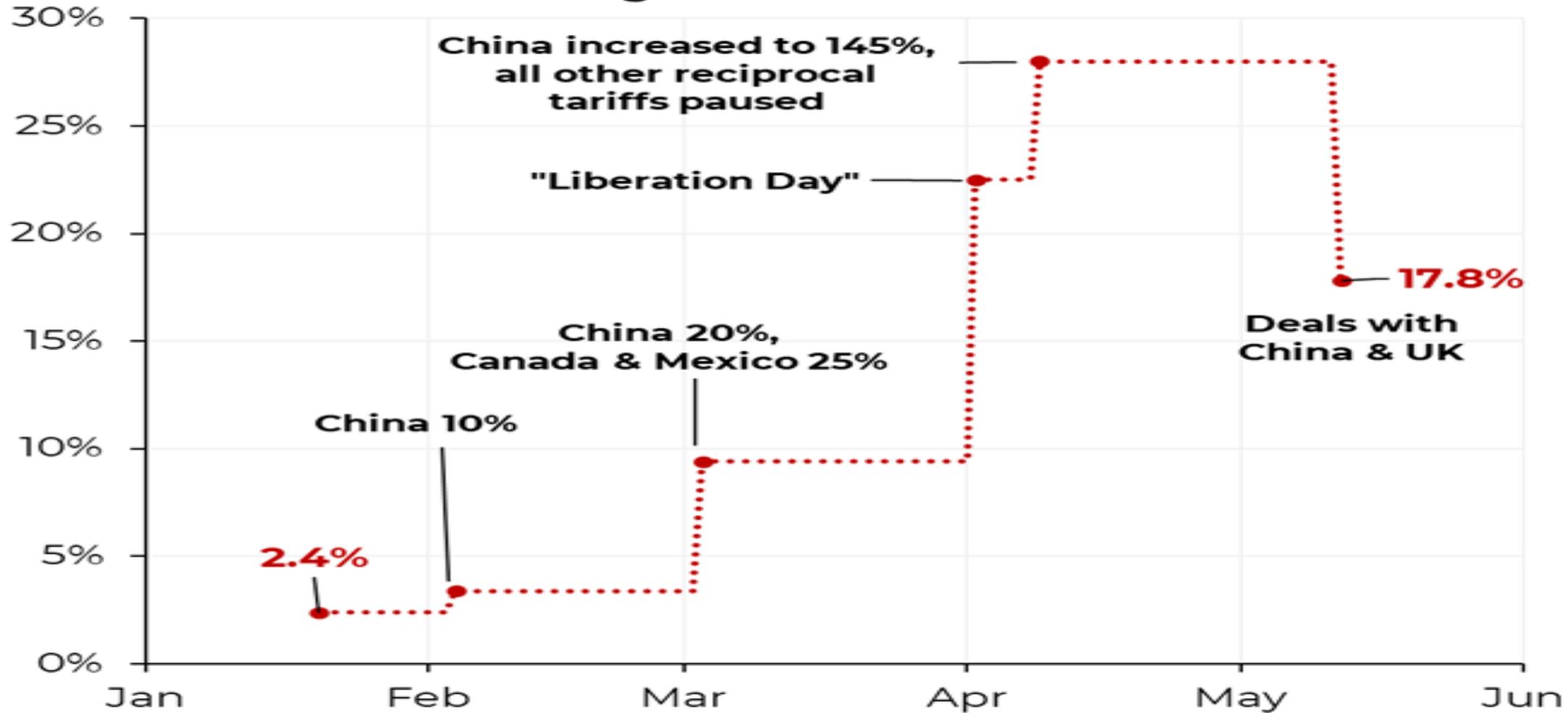
- **Section 41 R&D Tax Credit Enhanced** – Continues option to claim 6–20% credit on qualified research while also deducting those same costs under Section 174A.
- **Section 199A deduction is made permanent at the deduction rate of 20%.**
- **Estate Tax Boost to \$15 million per person**
- **SALT Tax Deduction to \$40,000 from \$10,000**

- **Excess Business Losses** – Made permanent for excess business loss plus a threshold amount indexed for inflation (\$313,000).
- **Section 45U, Zero-Emission Nuclear Power PTC** – Was not modified or repealed so the credit is allowed through Dec. 31, 2032,

SMACNA’s also praised the outcome of the reconciliation process for demonstrating continued support for:

- **The deductibility of employer-sponsored health insurance.**
 - **Maintaining without changes the business state and local tax (SALT) deductions.**
 - **Sustaining current law concerning treatment of the tax-free status of municipal bonds.**
-
-

Estimated US Average Tariff Rate



Source: The Budget Lab

@SteveRattner

Tariff History Overview:

Throughout the 20th century, Congress has conceded some of its economic authority to the executive branch, largely due to the role **Congress played in the disastrous 1930 Smoot-Hawley tariff hikes, signed by President Hoover (from Iowa)** that worsened the Great Depression, which many historians believed led to WWII.

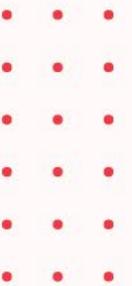
- With IEEPA, Congress granted the President sweeping powers to **regulate international commerce** in times of national emergency declared by the executive.
- **IEEPA authorizes the President to “regulate” various economic transactions but does not explicitly state that across-the-board tariffs can be levied with this power.** Never has such authority been attempted by a President.

While the appeals process plays out, the administration has a few options. It can utilize the following powers:

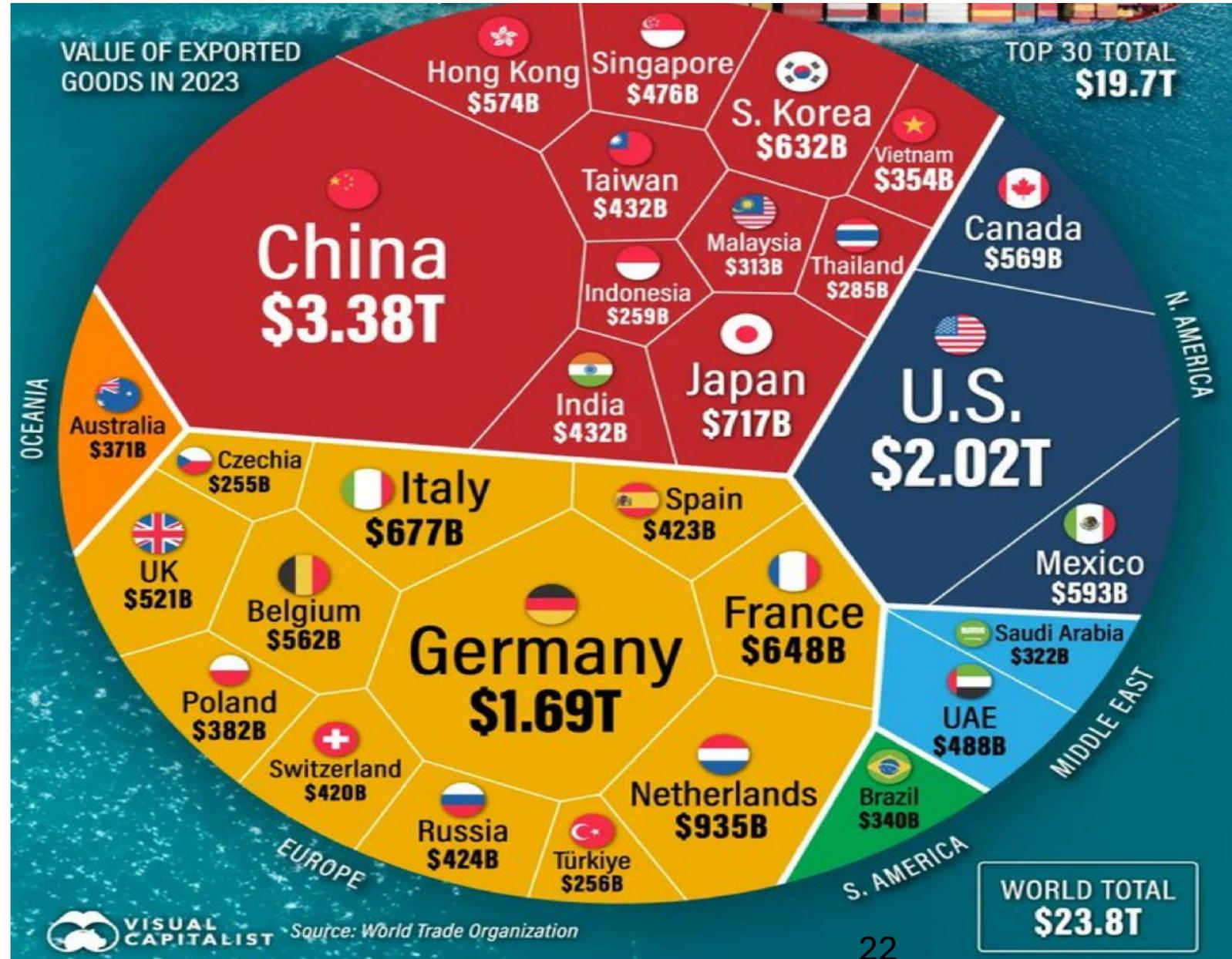
- **Section 301:** A safer, legally tested avenue that **requires an investigation into the actions of trading partners.**
- **Section 232:** An authority under which sectoral **tariffs already exist that cite threats to national security.**
- **Section 122:** An untested pathway that allows for the quickest implementation of tariffs, as it does not require a review period; however, duties applied under this power are **valid for 150 days, after which Congressional action is needed.**

Country	April 2 Tariff Rate	August 1* Tariff Rate
Brazil	10%	50%
Myanmar	44%	40%
Laos	48%	40%
Thailand	36%	36%
Cambodia	49%	36%
Canada	25%	35%
Serbia	37%	35%
Indonesia	32%	32%
Bosnia and Herzegovina	35%	30%
Algeria	30%	30%
Iraq	39%	30%
Libya	31%	30%
Sri Lanka	44%	30%
South Africa	30%	30%
Moldova	31%	25%
Brunei	24%	25%
Tunisia	28%	25%
Kazakhstan	27%	25%
Malaysia	24%	25%
Japan	24%	25%
South Korea	25%	25%
Vietnam	46%	20%
Philippines	17%	20%

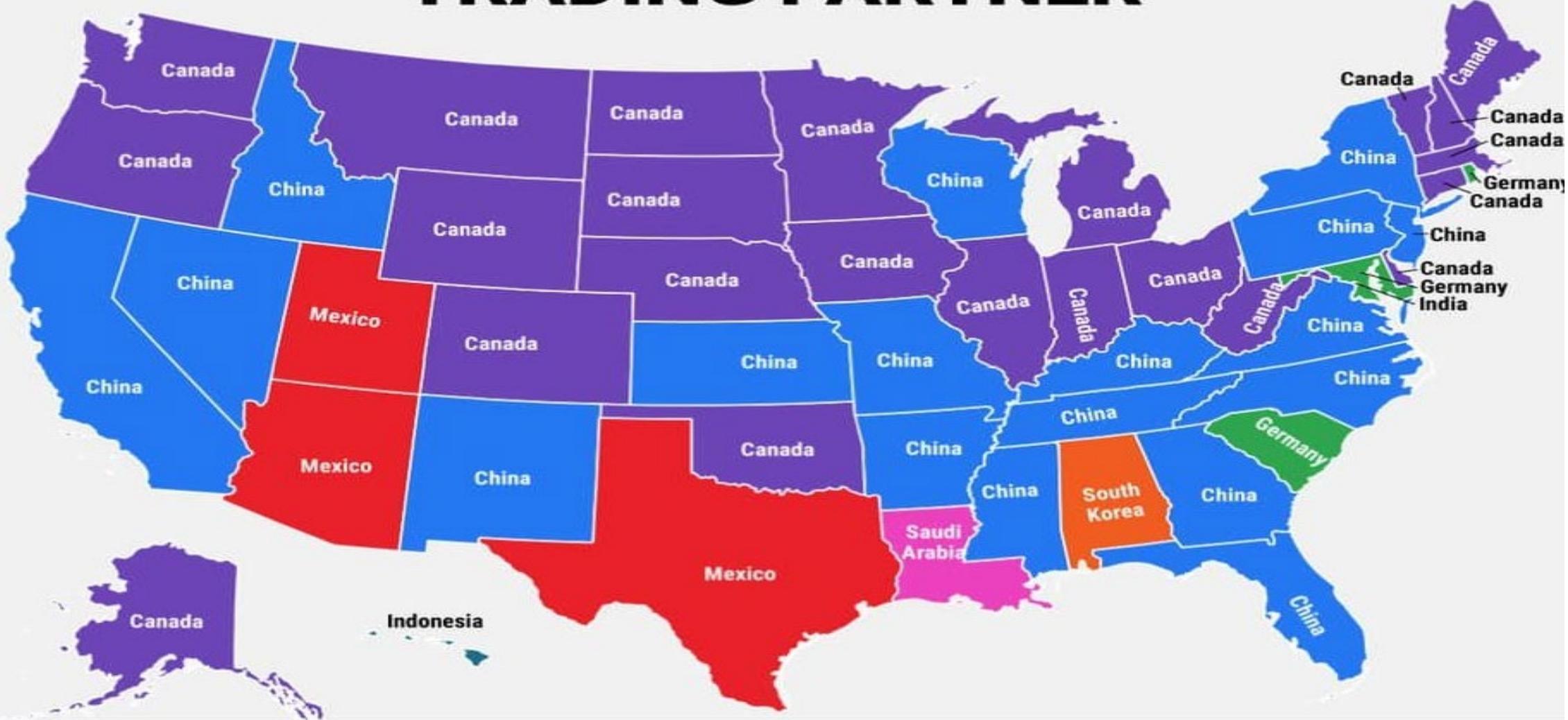
Source: Charles Schwab, Bloomberg. *August 1 rates announced, not yet implemented. Tariff rates do not cover all goods in some cases.

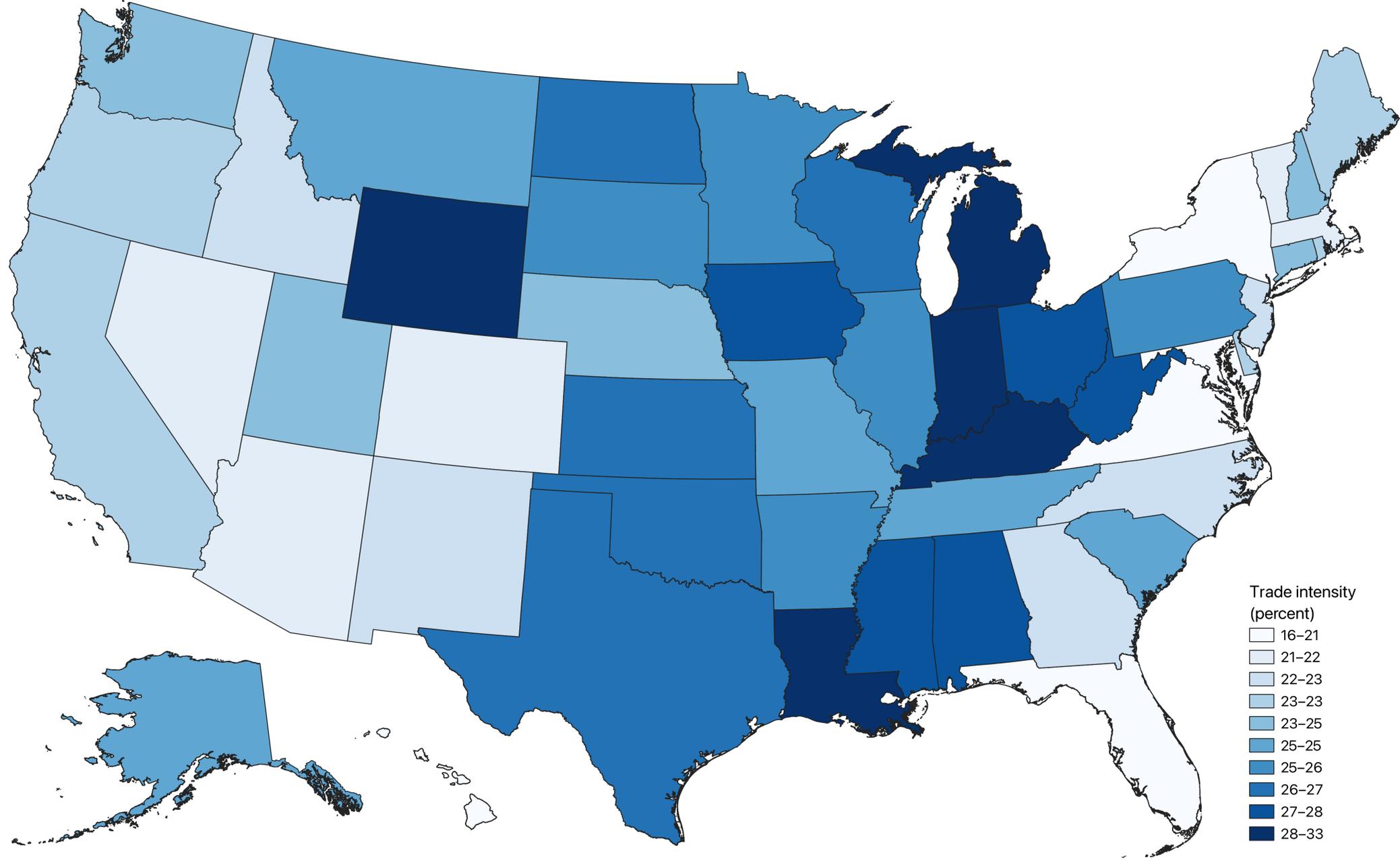


World Export Totals 2023



EACH STATE'S BIGGEST IMPORT TRADING PARTNER





Trade intensity (percent)

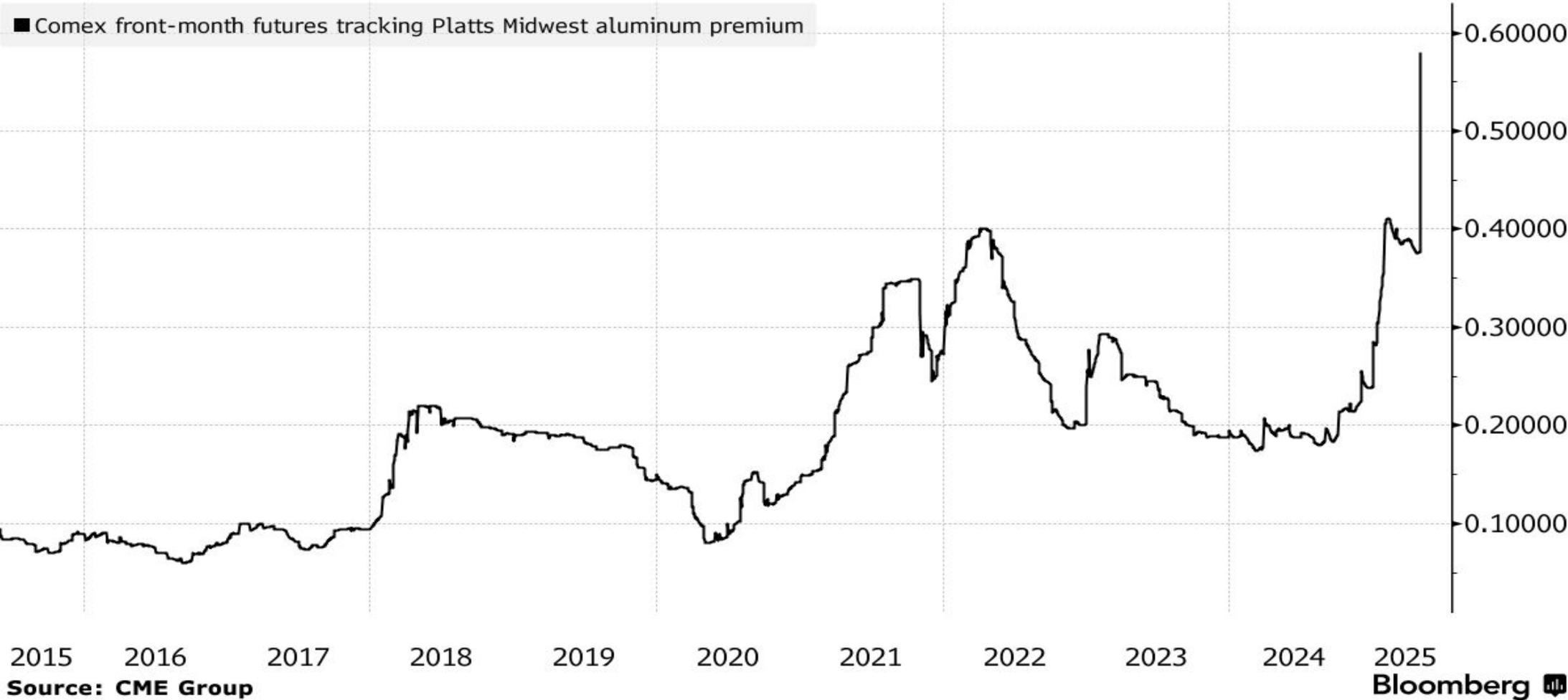
- 16-21
- 21-22
- 22-23
- 23-23
- 23-25
- 25-25
- 25-26
- 26-27
- 27-28
- 28-33

US Trade Balance on Services (I:USBSSM) VAL 25.18B

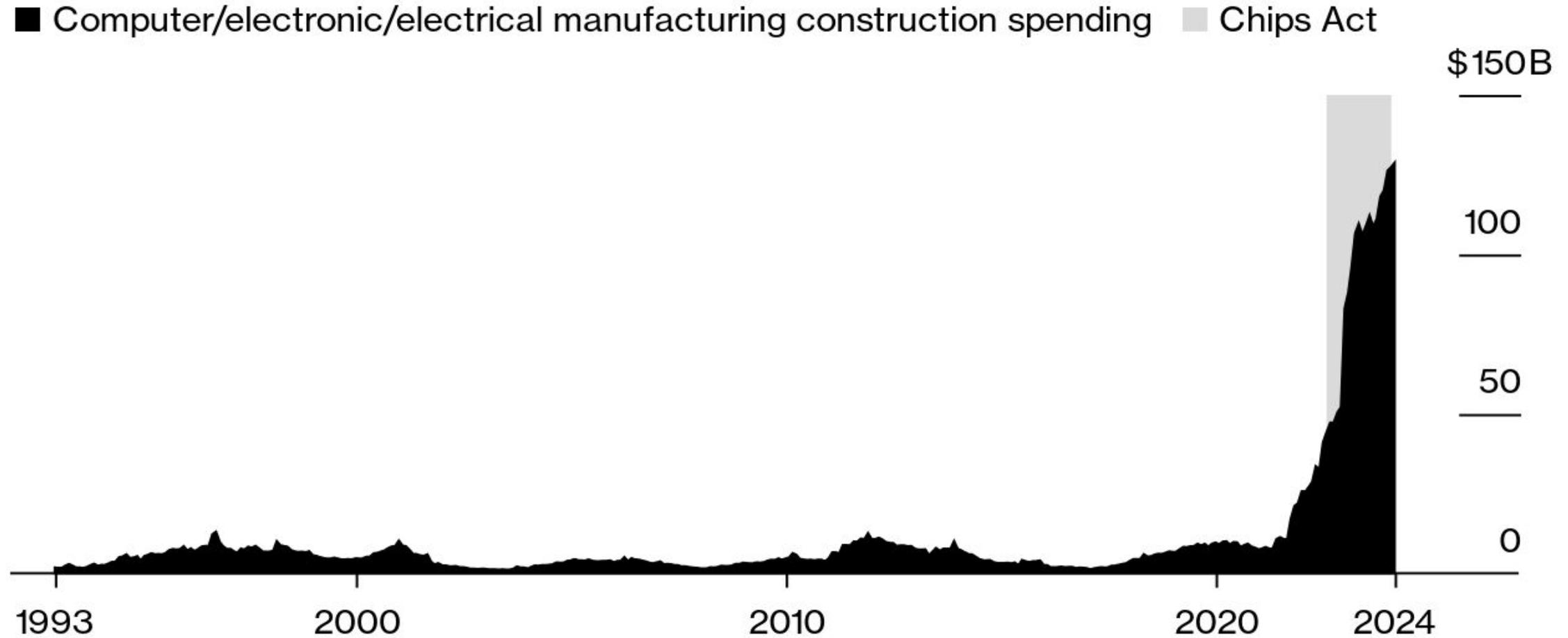


“We expect prices to rise — the US does not have enough domestic capacity of either,” analysts at Citigroup Inc. said in an emailed note. For aluminum in particular, the tariffs have “mostly just functioned as a tax on consumers thus far.”

US Aluminum Premiums Surge on Trump Tariff Hike



Chip Factory Construction Skyrockets

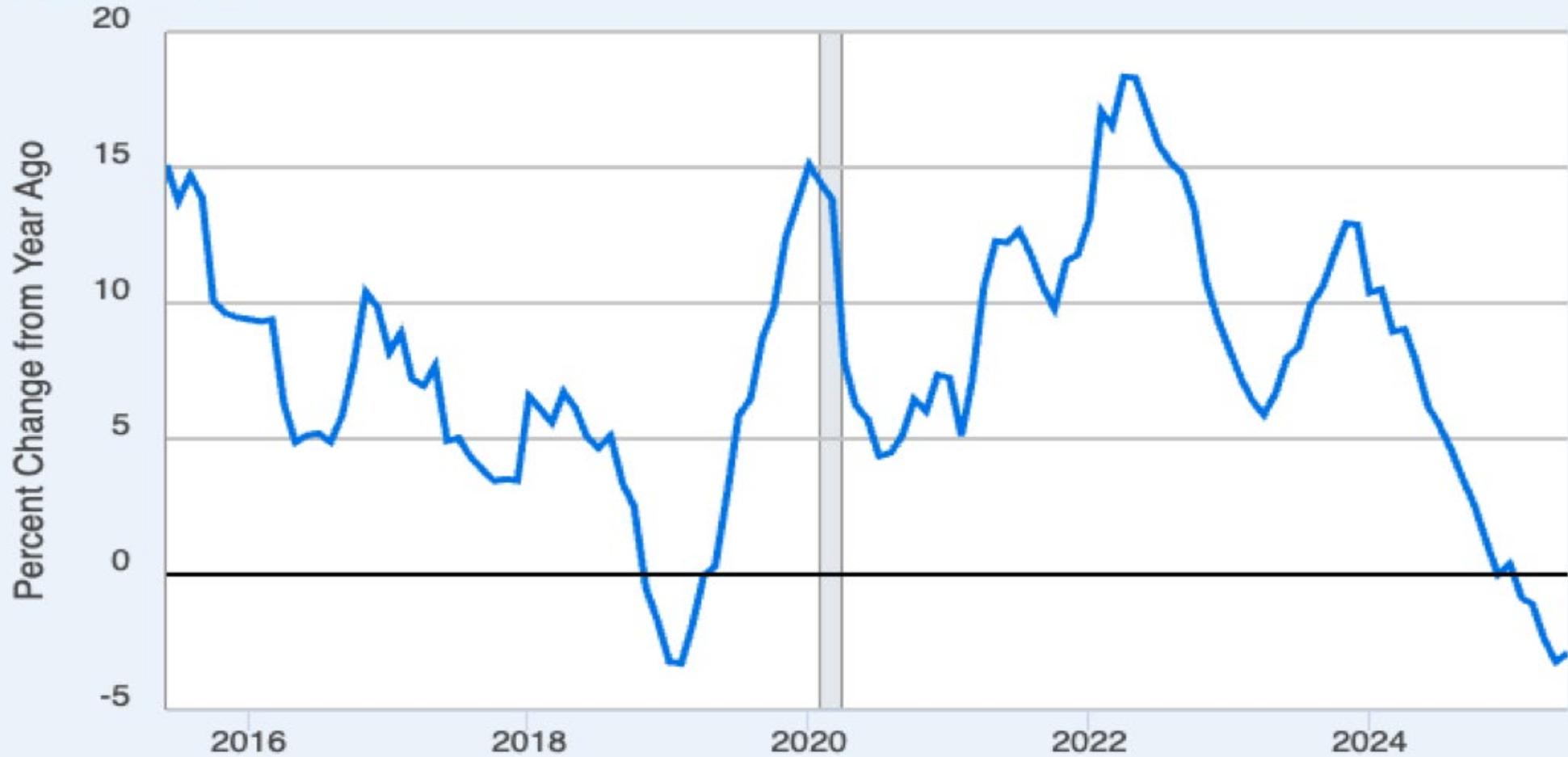


Source: Peterson Institute of International Economics. Analysis of US Census Bureau data by Martin Chorzempa

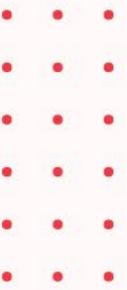
Bloomberg



— Total Construction Spending: Total Construction in the United States



Source: U.S. Census Bureau via FRED®



Regulatory Options for Contractors: For cost-reimbursement contracts, contractors should rely on FAR 31.201-2. There are three clauses in Federal Acquisition Regulation (“FAR”) contracts that may be used to recoup the rising costs of materials that has resulted from tariffs.

reimbursement contracts, contractors should rely on FAR 31.201-2.

- **New Tax Provision Adjustment:** FAR 52.229-3 provides that “[t]he contract price shall be increased by the amount of any after-imposed Federal tax, provided the Contractor warrants in writing that no amount for such newly imposed Federal excise tax or duty or rate increase was included in the contract price, as a contingency reserve or otherwise.”
- For a tariff to be considered a newly imposed tax, the tariff must be implemented after the date set for bid opening or, for a negotiated contract or modification, after the effective date of the contract or modification.
- **Economic Price Adjustment Provision:** **An economic price adjustment clause, including FAR 52.216-4, may be another option if it is included in the contract. FAR 52.216-4** provides that contractors may, at any time during contract performance, notify the Contracting Officer if the unit prices for material shown in the schedule either increase or decrease. **Increased prices that are the result of a tariff arguably fall within the scope of this economic price adjustment provision.** Not all contracts contain economic price adjustment clauses and contracts should be carefully reviewed to determine whether the clause is included and allows for a price increase. If the contract does not include this clause, the possibility always exists to negotiate a modification with the Contracting Officer to include one given the uncertainty in the market with potential tariffs.

Flexibly Priced Federal Contracts: to recover increased costs associated with tariffs. Flexibly priced contracts include cost-reimbursement contracts and other contracts that are subject **Contractors that are performing flexibly priced contracts generally should rely on the allowability rules under FAR 31.201-2** to adjustment based on actual costs incurred, including incentive and certain time-and-materials contracts. FAR 31.201-2 requires that a cost is: (1) reasonable; (2) allocable; and (3) consistent with the Cost Accounting Standards' generally accepted accounting principles and practices (if applicable), contract terms, and any FAR cost principles. **While not yet determined, it is likely that FAR 31.201-2 will permit recovery of tariff-related cost increases.**

SMACNA contractors should now take steps to mitigate the impacts of tariffs on construction-related imports. For example, SMACNA contractors should consider any and all of the following actions. Companies must quickly adapt to these changes to mitigate risks and seize potential opportunities by doing the following:

- **Buy in Bulk**—Buying materials in advance avoids any uncertainty regarding price where feasible, and plan to store the additional material need to be addressed as well.
- **Locate U.S. Suppliers**—Now is the time to explore whether domestic suppliers of specific products or manufactured items exist. This, too, is not often feasible, and contractors may need to explore other options.
- **Revise and Update Construction Contracts and Subcontracts**—For new contracts and subcontracts, SMACNA contractors should review the cost structure and update pricing based on the latest tariffs and potential tariffs. Contractors should also consider adding provisions allowing for increased material costs to be passed through to the owner or general contractor.
- **Analyze Existing Contracts and Subcontracts**—For existing contracts and subcontracts, contractors should review any contractual provisions relating to tariffs, changes in laws, and force majeure to determine if they can pass along higher costs upstream should tariffs mean the cost of their materials go up. Consider including price escalation clauses in private and public contracts

POLITICAL AFFAIRS: SMAC PAC / SMAC Admin Fund





Issues for Greater Engagement by Members and Leadership –

- More local events with political allies in your home areas...
- On the Hill we continue to engage our members but Need more help to cultivate and activate dozens of bipartisan House members by continually educating, supporting and assisting their policy and political as well as fundraising staff on our issues.



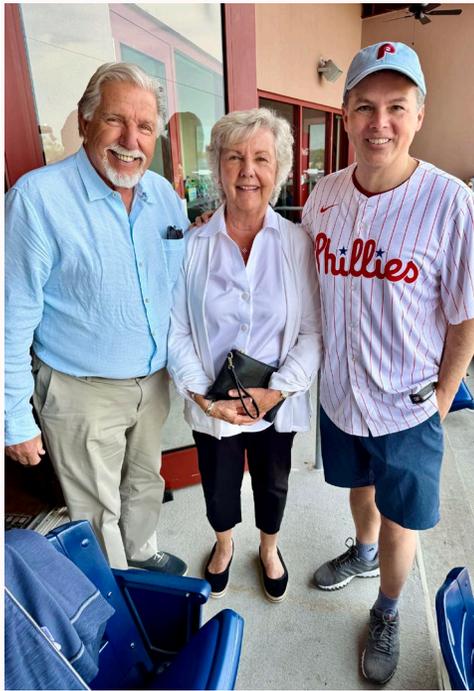
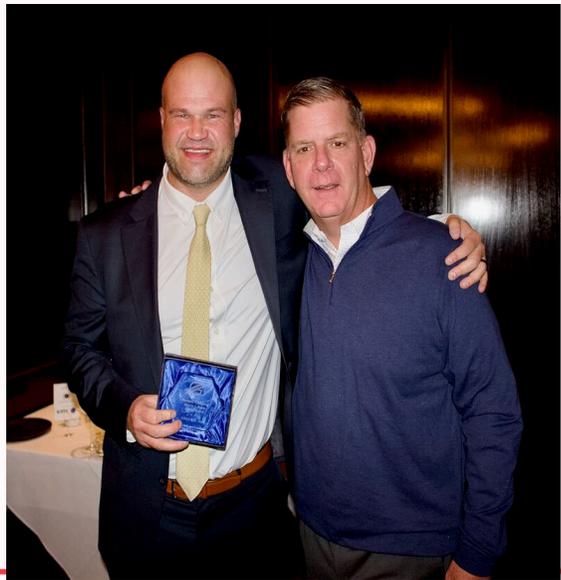
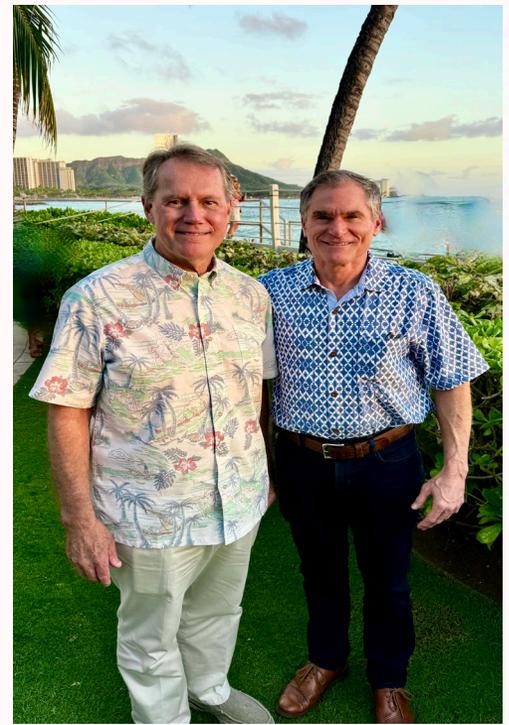
Bottom Line:

- I am confident that with your consistent, growing, and enthusiastic engagement we will see key SMACNA policies... especially tax initiatives we favor, move nearer to passage before the end of the 1st Session of the 119th Congress.
- As we shared last year, our top challenge is to sustain close margins on 2025 floor votes planned to challenge the regulatory
- Goal is to earn new policy victories where our groundwork has been meticulously prepared in recent months and years.
- **The Immediate Political Goal - Build a stronger bipartisan base for our top priority issues this Congress - NOW.**
- This will sustain key tax and infrastructure 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!

SMACPAC Ambassadors





State Activities

This year, we launched a webinar series Capital Hill Quarterly. We have had informative programs:

- The new Trump Administration
- Tariffs and their impact on construction markets and our contractors
- State Labor Issues

Upcoming:

Dec - Local Government Issues

Jan - A Look Ahead

In 2026, we will be offering to chapters a column in our monthly state newsletter.

- Please share with us your state and local issues and ideas for better coverage and advocacy.



How You Can Contribute

- Send us your chapter updates or industry news.
- Include photos or graphics where possible.
- Highlight how your work is impacting contractors, labor, and communities.



- We will be working to help state and local chapters to launch or uplift - if needed — state and local advocacy programs including:
 - Help start affairs committees
 - Creating an agenda of key issues
 - Hosting advocacy

Meeting with state and local chapters interested in Establishing a PAC

Issues we will be focused on include:

- Clean Indoor Air Quality
 - Project Labor Agreements
 - Funding for Energy Programs
 - Large Scale Capital Projects
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State & Local Government Affairs



- **This year has been A VERY Busy Year:**
 - Began monthly newsletter with focus on state & local projects, policy and legislation as well a 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
 - Promoted more engagement in SMACPAC & SMAC-AF
 - Produced frequent fundraising letters for both SMACPAC, Pacesetters and Admin Fund
 - **2025 Game Plan Ahead:**
 - **Add more chapters to e-Advocacy. Its FREE!**
 - **Work with chapters to provide support for state advocacy days throughout the US in 2025**
 - **Help state and local chapters with additional resources they need to work on their priority issues, and other initiatives that support the industry**
 - Share Your Good News!
 - Please send your updates to Denise at any time
-
-



State and Local Political Advocacy and Engagement Activity

- Benefits of membership
- Developed an aggressive plan with PAC Committee
- Prior Authorizations
- Regular digital outreach
- Chapter exec assistance in outreach
- Bringing SMACPAC to you - attend board or committee meetings or host receptions w/ special guests

State Government Affairs

- State government affairs newsletter - always looking for your stories
- Issues - clean indoor air quality, taxes, impacts of federal budget

Political Education

- Worked to put systems in place to help you master lobbying skills- E-Advocacy
 - Regular podcasts - quarterly
 - Visits - willing to participate in training/education on government affairs for your members
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Share Your Lobbyist Contact

- To strengthen our ability to coordinate advocacy across the country, **SMACNA Government Affairs** is asking each **state chapter executive** to provide us with the **contact information for your contract lobbyist**, if you retain one.

Please forward your lobbyist's name, firm, and contact details to:

 **Denise Murphy McGraw**
SMACNA Government Affairs

Email: dmurphymcgraw@smacna.org

THANK YOU!

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

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