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# SMACNA NEWS

## A Year of Legislative Wins

How SMACNA's Government Affairs department is advocating for members in 2025.



► **Chapter Spotlight:** How a Century-Old Association is Forging New Leaders in PA p.23

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## SMACNA's Legacy of Government Relations

Government relations have always played a key role at SMACNA. I first met Stan Kolbe and Dana Thompson from the National SMACNA staff back in 1993. After my freshman year at the University of Rochester, I interned with the National Roofing Contractors Association. Thanks to Stan and Dana, SMACNA remains as strong now as it was in the 1990s. The relationships they built then still matter today. Being consistent and knowledgeable about policy, as well as attending meetings, are all essential for success.

When I served as a chapter executive, government relations was one of the biggest ways I added value. Like Stan and Dana, I spent years in New York building relationships that made a difference for our members. Managing several groups helped us share costs, but what really mattered was being a trusted policy expert and always being open to conversation. Working with great partners like Denise Murphy McGraw, who supports SMACNA's state and local programs, has also made a significant difference.

Some of you joined a recent webinar we hosted with my friend, New York State Assemblyman Harry Bronson. I've worked with Harry for almost 20 years, starting when he was counsel to the Assembly Labor Committee and a top staffer for a member I knew well. Today, Harry chairs the Labor Committee, which is especially important for SMACNA members. We didn't always agree, but we always discussed issues and policy openly. Together, we achieved a lot for our community and union contractors. One highlight was a \$1 billion school renovation program that improved city schools and created

significant work for our members, all with clear and transparent PLAs.

I also worked with another assembly member who later became the majority leader of the New York State Assembly. Joe Morelle is now a leading Member of Congress and a strong supporter of union contractors. We first started working together on insurance issues in 2004. That work then moved to economic development and project funding and was very successful for our community. Building relationships with great members of Congress like Morelle takes years of effort and partnership at the local level!

Many of our chapters are actively engaged in state and local issues. Some states have already passed indoor air quality legislation, and others are considering it. Labor and construction bills often arise, and we don't always agree with all of them. Permitting can be a challenge for projects, but we can help make it easier. Chapters can also support economic development and get involved early in new projects that need political backing to succeed.

SMACNA will continue to support state and local efforts, just as we have in recent years. I'm also happy to share that SMART is now investing nationally in state-level work. This will help us work together more effectively on shared issues and create more opportunities for our members.

If there's an issue that matters to your chapter, please let us know. Small local issues often grow into bigger national concerns. SMACNA wants to be involved early and do everything we can to support our members.

I look forward to seeing you at the convention and hearing about the work you are doing! ▼

Aaron Hilger  
SMACNA CEO



## FROM THE PRESIDENT

Tom Martin

# How Getting Involved Can Make a Big Difference

**D**uring my time as president, I've made it a priority to stay active in every part of our association. Getting involved in politics is a powerful way to make a real difference for your business and our industry. I know politics can feel tiring these days but connecting with lawmakers from any party really does help us make progress on the issues that matter.

During my time with SMACNA, I've made it a point to get to know our members of Congress and help their staff understand our issues and how they can support the skilled trades. I've met with legislators, including Congresswoman Shontel Brown, Congressman Dave Joyce and Congresswoman Emelia Sykes, at events ranging from golf tournaments to tours of our training centers and shop floors. These experiences have been key in

helping our allies in Congress see what's happening in our industry. We've discussed important topics, such as registered apprenticeships and how our field offers a path to a debt-free, well-paying career. I also highlight our commitment to workforce development and to creating a welcoming environment where everyone's skills are valued. Our industry offers both men and women opportunities to grow, advance into management and even become owners. Regardless of your political views, I believe we can all support these goals. But achieving them depends on us. We are the experts, and our legislators rely on us for the information they need to make good decisions for our future. I encourage everyone to reach out to Stan and our legislative affairs team to learn about opportunities for getting involved.

As my term as president ends, I hope I've made a positive difference for our association. By the end of my term, I'll have spent over 150 days traveling. It's been amazing to visit new places and take part in so many great events. I've met contractors and chapter leaders from across the country, all of whom are dedicated to supporting SMACNA and our industry. Along the way, I've made new friends, listened, offered support and helped tackle challenges when needed. I've enjoyed presenting and joining local meetings, and it's been an honor to keep everyone informed about what's ahead. Thank you for your trust this past year. It truly has been a remarkable experience. ▼

Tom Martin, *SMACNA President*

**We are the experts, and our legislators rely on us for the information they need to make good decisions for our future."**



# Shining Symbol of Strength

Copper walls by General Sheet Metal define IBEW 48's hall.

*This copper wall is the architectural focus of the IBEW conference room. IBEW wanted the variegated look of freshly hand-sanded copper, so General Sheet Metal protected the copper from oxidation by applying a clear coat shortly after sanding.*

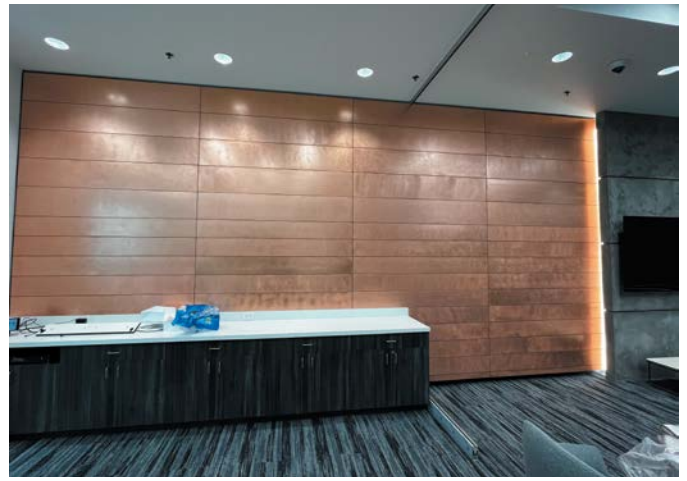
**W**hen IBEW 48 upgraded their training center in Portland, Oregon, they chose a unique look, three copper signs with the IBEW logo and three interior walls covered with copper panels. Two 23-foot by 10-foot copper walls accent the hall's training room, with large TV screens to display lectures. The third wall is in a conference room where IBEW leaders meet with elected officials. "The conference room is their showpiece," says Shane Crunchie, project manager for General Sheet Metal (GSM) in Clackamas, Oregon. "And its 23 feet by 11 feet copper wall was the architectural focal point. It had to be perfect."

IBEW's aesthetic gave General Sheet Metal an advantage in the bidding process because other contractors suggested using aluminum panels that had been coated to look like copper. "You can buy many prefinished architectural panels out there, and, basically, they're all versions of laminate, where they've applied a finish to either stainless steel or aluminum," Crunchie says. The electricians preferred a material that is more authentic to their lives. "Electricians work with copper all day long. We won the project because we could provide real copper."

GSM selected commercially available roofing grade copper for this project. "Roofing copper is sold by the pound, and it's not cheap," Crunchie says. "It's not like they've cleaned it, or it's been pre-sanded. You're getting raw metal, and you have to turn it into something." Although GSM purchased 99.8% pure copper, "impurities can still surface, even after you've finished your panel. We're doing something that's completely opposite to what's available for the industry."

The architect's original plan suggested 16-ounce copper, which concerned GSM. "We worried that 16-ounce wouldn't hold up over time in a room with people walking by the wall and bumping into it," Crunchie says. Early in the design process, which started around May 2023, GSM recommended moving to a more durable 48-ounce copper. GSM also designed the custom support structure for the panels. "There's an aluminum clip system behind the copper. The finished copper is glued to aluminum panels, and they're hung in sections. Wherever we had aluminum panel joints, we glued a piece of copper in place in the field."

The green patina that forms when copper is exposed to air stabilizes the copper chemically, making it easier to handle. "Copper starts to oxidize almost immediately after you sand it," Crunchie says. "But in the submittal



process we learned that IBEW 48 didn't want the patina finish. They wanted to see the brightness of the copper. That created a level of complexity for the project because of the finishing technique." The owners also wanted a hand-sanded finish to bring out the metal's natural color variegation. "You had to finish it very carefully to get it to work."

GSM worked closely with the customer throughout the design process. "We did multiple phases where we started out with various samples with patina," Crunchie says. "That's when we discovered their desire for a bright finish. We produced more samples with the bright finish with appropriate clear coat." Before starting production, GSM fabricated a full-sized demonstration panel for the owner's approval. "When we brought out our first panel, we hung it and did our first in place inspection before we went further down the road. The client was in lockstep every step of the way. We always try to make sure there are no surprises."

GSM developed a quick process for finishing the panels because the clear coat had to be applied while the copper was freshly sanded. "We set up equipment specifically for this project," Crunchie says. "Anytime you're doing that, I would advise that you spend the money on what you need and be prepared to make adjustments mid-process to your plan, fabrication or installation method based on something that nobody saw earlier in the process."

The team did the preliminary sanding in the open shop, then wrapped each piece in brown paper for moving to the coating tent. Throughout the project, other teams

were fabricating duct in different parts of the busy GSM shop, so the coating tent was pressurized to mitigate dust. "We had a four-step cleaning process before we were able to apply the coating to the panels," Crunchie says. "Finishing the panels was a white-glove process, and everybody had to be trained and brought up to speed." Only experienced people touched the sanded copper. "You have to have a group of people who know how to navigate the different variables, because sometimes you're learning in real time," he says. In this case, "a single fingerprint could cause a chemical reaction on the face of the copper that would create a blemish." The clear coat was allowed to dry and harden before the team mounted the copper onto the aluminum panels.

The copper walls were the most technically challenging part of the project, but GSM also installed roofing panels, gutters, downspouts and a stainless-steel rail.

The company fabricated everything except the roofing panels in their own shop. The project required 2,887 pounds of 48-ounce copper sheet, 2,432 pounds of 5052 aluminum and 200 pounds of stainless steel. "It was labor-intensive," Crunchie says. The \$250,000 project ran from July 2023 through February 2024 and brought GSM 600 work hours in the shop and another 600 work hours in the field for a total of 1,200 work hours.

"Ultimately, the client was very happy with us, and the general contractor was very happy with us," Crunchie says. "They said they couldn't have hired anybody else to do this project." ▼

*The installation process for the copper wall (top left and right), a closeup of the aluminum clip structure (bottom left) and a closeup of the copper wall (bottom right).*



# More Than Just Another Office Project

SMACNA member Dee Cramer was hired to perform HVAC construction on a corporate campus built to harmonize with the environment.

*Holly, Michigan-based Dee Cramer performed the HVAC work on the test lab (and several other buildings) for Japan Solderless Terminals (JST) Corp. Here, Dee Cramer sheet metal workers install duct in one of the JST buildings' mechanical rooms.*

**S**ustainable. Eco-friendly. Green. The Farmington Hills, Michigan, campus of Japan Solderless Terminals (JST) Corp. was designed to go beyond typical labels. The 10-acre, six-building property takes in its surroundings in a way unlike most corporate campuses.

Instead of replacing native vegetation with grass, it preserves and expands the plants. As opposed to buildings that feature huge glass panes, JST's structures make extensive use of natural materials like wood and stone. Drywall is forbidden. Paint is banished. And synthetic, commercial carpeting is nowhere to be found.

It's not what you might expect for a multinational manufacturer of electrical connectors used in industries such as automotive and HVAC. But it's keeping in line with Osaka, Japan-based JST's Asian approach to design, which aims to create spaces in harmony with the environment and that respect nature.

Cunningham-Limp, the project's Construction Manager, calls it "the most holistically sustainable project ever seen in Michigan." When completed, the JST campus will encompass six buildings: a test lab, sales center, engineering center, annex, center circle loop, and a "tree nest." The buildings will not disrupt the animals or natural habitats of the heavily wooded site, which sits in the heart of metropolitan Detroit.

## DEE CRAMER AWARDED PROJECT

Cunningham-Limp awarded SMACNA member Dee Cramer of Holly, Michigan, a \$3-million contract in 2021 to handle HVAC construction for this holistic sustainable building, including duct fabrication and installation, at the campus test lab. The lab, which is an evaluation site for the critical electronic components that JST manufactures, was the first campus building that was erected.

Aaron Montgomery, Dee Cramer Project Manager, explained that his company's work began where the



geothermal system tied into the piping (installed by a subcontractor) and the HVAC system. The piping entering the lab connects to 30 ducted fan coil units and numerous branch boxes that help condition the lab's corridors. "Piping goes into four condensers and then numerous heat exchangers," Montgomery says. "There's also dedicated outdoor air systems (DOAS) — three of them just in the test lab alone."

In addition to the condensers and heat exchangers, the project has a lot of ductwork — 3,390 linear feet in all. "There's a ton of small duct," Montgomery says. "All of the latent energy is transferred from the geothermal system into the water-source VRF system and through the heat exchangers."

The test lab used approximately 23,000 pounds of internally lined duct, all of which was fabricated at Dee Cramer's Wixom, Michigan, facility, about 11 miles from the jobsite. Most of the ductwork was rectangular, with some spiral.

### AN EDUCATIONAL EXPERIENCE

JST's commitment to sustainable construction presented a learning curve for Dee Cramer and some of the other contractors involved. "It was a bit of a struggle on everybody's end because it's a timber-frame building," Montgomery says. "There's not much timber-frame construction and carpentry experience here in the local Detroit area. It was such a trying process sometimes."

Nick Seraphinoff, the Vice President of Project Management at Dee Cramer, says the use of timber-frame

## Campus Project Takes a Japanese Approach to Construction

The JST Corp. campus project incorporates numerous sustainable practices not typically seen in U.S. commercial developments. Among its unique features:

- Landscapers used a 1940s property survey to restore its ecosystem and remove invasive plants.
- Wetlands on the property were preserved.
- Although the site is 10 acres, only 4 are slated for development.
- Every part of the development has a purpose, which is a Japanese design practice.
- Saplings from the project's 2019 groundbreaking were taken to a Michigan farm to be replanted. They will eventually be returned to the JST campus.
- The wood from an estimated 90 trees that were removed to make way for the JST campus will be used in the buildings' construction.

Source: Cunningham-Limp

construction made the project more complicated. "It affected the types of fasteners and hangers that we could use, as well as the coordination with other trades," he says.

The lab was completed in 2023. Officials with Cunningham-Limp and JST were pleased with Dee Cramer's work. The contractor was hired to perform the HVAC work on four other campus buildings, bringing the total contracts to around \$7 million in value. Dee Cramer's work on the sales building is now underway.

Seraphinoff says the JST project is unique. "We're pretty excited about this job," he says. "It's really an honor to be a part of it." ▼

Carts of ductwork are ready for installation in the test lab (top right). A ducted fan coil unit installed in the test lab. The lab uses 30 of them (bottom right). Eight-inch round and 18- by 12-, and 18- by 20-inch rectangular ductwork placed in one of the JST buildings (left).



# Driving Fabrication Innovation

Dynamic Systems thrives by delivering mechanical construction precision through advanced technologies and streamlined digital workflows.

*Dynamic Systems uses Stratus software to digitize its fabrication process.*

**F**ounded in 1988 in Austin, Texas, Dynamic Systems, a Quanta Services Co., has grown from a small local contractor into a formidable player in precision fabrication and mechanical contracting.

"We started here in Austin, Texas in 1988," says Jay Rohan, Senior Vice President of Operations at Dynamic Systems. "We do piping, plumbing, sheet metal; we're a full-array contractor." Most of the company's locations are in Texas, but they also have offices in New York, North Carolina, Massachusetts and Utah.

The company designs and constructs energy-efficient, health-conscious environments across a wide range of specialty sectors, including those in the industrial space. These places face unique challenges, such as high-occupant density, food service proximity and noise pollution — complex environments that need innovative solutions, including energy-efficient underfloor and displacement air systems, CO2 monitoring and pressurization control and code-compliant delivery of outside air.

Dynamic Systems has built its reputation on industry best practices that fuse advanced technology, safety-first culture and a focus on customer dedication.

## MAXIMIZING EFFICIENCY WITH FABRICATION FACILITIES

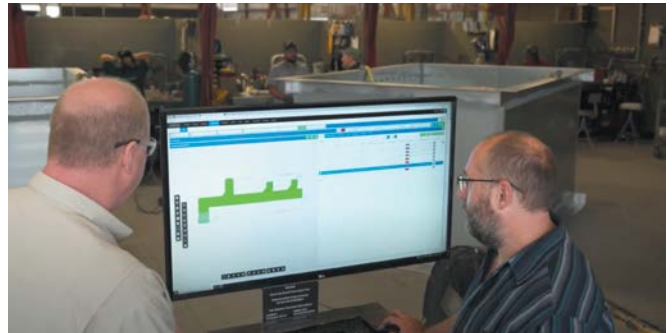
Dynamic Systems optimizes project outcomes by focusing on off-site fabrication. The company has 535,000 square feet of fabrication space in the Texas cities of Burlington, Buda, Houston, Dallas, McKinney and College Station, as well as Salt Lake City, Utah; Poughkeepsie, New York; and Boston, Massachusetts.

This fabrication focus maximizes cost effectiveness, safety, labor efficiency, material control, logistics, quality and schedule adherence, while minimizing waste.

The facilities utilize cutting-edge technologies, including laser cutters, plasma cutters, automated coil and spiral line systems, ED virtual design software, and a comprehensive tracking system that bar codes every item to guarantee traceability and accountability.

"One of Dynamic Systems' claim to fame is that we track, monitor and measure every single aspect that we can of our business," Rohan says.

In 2023, the company started using a new software program called Stratus to digitize its fabrication processes. The software helps integrate data from models, connects to manufacturing tools and creates



digital workflows to reduce manual effort and improve efficiency and profitability. The program, “gives us all the pertinent job data. Once that information is given to a superintendent, he can build a job out electronically,” explains Doug Smith, the company’s Director of Technology and Innovation. “It tracks the entire process digitally, so no papers are printed out, no drawings are printed out. It saves on revision control. The model is the revision, the single point of truth.”

With Stratus, “we can run regular status reports on projects,” adds Adam Nichols, the company’s Director of Virtual Design and Construction. The employees “on the shop floor are fed their work data in Stratus and it shows them what’s on their plate for the day. As they complete a task on the list, they check it off and it’s done. It also designs and builds the criteria they need for a job on the screen, so they can see how something needs to be built in the program.”

More than half of the company’s clients were asking for something like Stratus, Rohan says. “They like the verifiability aspect of tracking every part that’s being put on their job,” he explains.

“We even give clients a log-in to our model, so they can see how the project is coming along at any time,” Smith adds.

## EMPHASIZING SAFETY AND QUALITY AT EVERY TURN

Though the company started out small and has grown considerably, it tries to keep a fun culture intact. The company has very little turnover in its management ranks as a result.

“The hardest thing has been to keep that culture as we’ve grown, but I think we’ve done a pretty good job of it,” Rohan says. “We always wanted to make it fun. We started out as a little bitty mom-and-pop shop, and now we’re a larger contractor, but we still have the same attitude. We want to have people work here because they enjoy it.”

Embedded deep into that culture is the safety aspect. Safety is foundational to Dynamic Systems’ operations. The company culture ingrains safety in every employee because protecting its people and customers comes first. The company’s robust protocols and continuous training programs reflect in their exemplary safety records, enhancing client confidence.

“We’ve been able to improve our modifier rate significantly over the years,” Rohan says. “And we’ve gotten better and safer over the years, which is good for us, good for the company and good for the employees.” ▼

*Dynamic Systems has won multiple awards for safety, which is a key part of its company culture.*



## Big Build, Bigger Challenge

Welsch Heating and Cooling delivers energy efficiency and architectural style on one of St. Louis's largest residential projects.

*Energy efficiency was a big priority for this homeowner's 14,300-square-foot, ranch home.*

**S**MACNA contractors do approximately 75% of all new residential construction in the St. Louis, Missouri, market, so Welsch Heating and Cooling of Maryland Heights, Missouri, had an edge when it was time to bid a unique single-family home. "One of our contractors was the successful bidder for the project and assigned the work to us. Knowing our background and knowing that we could handle such a large project, they were glad that we bid it and glad that we could participate in the work," says Paul Heimann, Vice President and Comptroller of Welsch Heating and Cooling.

The massive 14,300-square-foot, ranch-style home has 28 tons of cooling, about seven times as much as a typical St. Louis home. Welsch took part in every step of the job, joining the complex planning process in June 2021. "We sat through several meetings with the owner, the general contractor and the architects," Heimann says. "They even had a mechanical engineer. Our portion of the HVAC planning process was to go over how they wanted the house zoned, where they wanted the duct work to run, what kind of equipment they wanted to use, as well as energy efficiencies."

The owner prioritized energy efficiency, so they decided on geothermal heat pumps. Welsch used two water-to-water units for the radiant in floor heating and four water-to-air units for the forced air systems. "We got that bidding and pricing done to make sure that we met the homeowners' expectations," Heimann points out.

The high CFM kitchen range hood in the luxury kitchen required careful consideration. "Those hoods can suck all the air out of the house, so we installed a heated makeup air fan as well as an Energy Recovery Ventilator for fresh air ventilation," Heimann says. "Sometimes we see how the air will be extracted from the house and how it's coming in, and we have to provide for that."

Welsch also compensated for extreme humidity changes. "In St. Louis, we have very dry winters, so we install humidifiers to keep the air moist in the winter, but we have humid summers, so we dehumidify the air to mitigate moisture problems. In the summer, if you're bringing in outside air, and not treating that air accordingly, you're bringing very moist air to very cold ductwork. It's going to make everything sweat."



Welsch purchased round pipes and elbow for the project but fabricated all duct in house. “The gauge we use depends on the size of the ductwork, because if the metal is too big, it gets floppy and makes noise,” Heimann says. “We use anywhere from 22-gauge to 28-gauge galvanized steel, depending on the application. It’s like a jigsaw puzzle. We measure and fabricate every piece to our specifications, so it fits properly, and it looks great at the end.”

Welsch custom fabricates 8-foot joints to save time on site. “We use 8-foot joints instead of the usual 5-foot joints, because that means fewer joints to connect as we’re doing a house,” Heimann says. “To comply with local codes, we have to seal all of those joints, so the fewer seals we have, the less time we spend sealing.”

For most residences, the huge HVAC system would have been Welsch’s biggest responsibility, but the owners wanted a unique exterior for their dream home. “Not only did we do the HVAC, but we also put a complete metal roof on this house, and the siding of the house was all made of metal,” Heimann says. Welsch fabricated and installed a 22-gauge Rhein Zink metal roof and siding on the home. “We basically wrapped the entire house.”

Welsch organized the work as two separate jobs. “We bid on the heating and cooling, and then we gave them a separate bid for the architectural sheet metal,” Hei-

mann says. Two Welsch foremen attended the planning meetings. “We had one foreman in charge of the heating and cooling aspect, and we had another foreman in charge of our architectural department. He understands roof pitches and flat roofs, and how water drains.”

Welsch purchased a specialized double seamer for the architectural side of the project. “We needed a smaller seamer than any we could rent,” Heimann says, “so we did some research and bought one, which saved a lot of work hours in the field.”

Welsch often completes new homes in nine to 12 months, but this project took about 18 months. “We put our first person on the jobsite in February of 2023, and we finished it at the end of last year,” Heimann says. “We had 4,000 work hours on this project, 3,300 architectural hours and 700 HVAC hours. Only about 100 of those hours were in the shop.”

“With any project of this size, the biggest challenge is coordinating with all the other trades,” Heimann says. “We don’t want to be in their way, and they don’t want to be in our way. With the exterior sheet metal work on this particular home, the weather was also a factor. It’s always a challenge to tackle such a big job, but one we take great pride in accomplishing.” ▼

*On this residential project, Welsch put in 4,000 work hours, 3,300 architectural hours and 700 HVAC hours.*



## COVER STORY

# A Year of Legislative Wins

How SMACNA's Government Affairs department is advocating for members in 2025.

In a year that has already presented unprecedented challenges for contractors and the construction industry, the Government Affairs department at SMACNA, under the leadership of Stan Kolbe, has quietly but effectively battled to deliver significant legislative victories on behalf of its members. Here, *SMACNews* spotlights the hard-fought wins in Washington and across the states, as well as reminds members how they can engage with this crucial work.



“From my perspective, 2025 has been far better to date than we expected,” Kolbe emphasizes. While the ever-changing and historic level steel, aluminum and copper tariff rates were predicted in our 2025 outlook, and the political environment remains challenging, we have witnessed many significant advances for our policy goals in the 119th Congress.

“Although we are in the first quarter of this Congress, we’ve protected what mattered most to the majority of our members in the tax package, such as bonus depreciation, equipment expensing, estate tax permanence, SALT cap increases and the R&D tax credits,” he adds. “We also joined countless coalition allies to score a number of real victories to extend important tax incentives for efficiency, CHIPS and energy grid enhancement enabling the fast-growing

wave of data center projects. As I often say, it is what laws and programs you don’t lose each session that sometimes outweighs what you won in committee and on the floor. We, with our coalition allies, helped to push back efforts to eliminate tax preferences for municipal bonds, preserved state and local tax deductions for businesses, and stopped the efforts to tax employee fringe benefit plans. All these defensive efforts preserved construction markets and sustained the health of employee benefit plans — no small outcome, most would agree.”

### TOP LEGISLATIVE WINS IN 2025

The first nine months of 2025 have been remarkably productive in advancing legislative priorities vital to SMACNA members. Kolbe shares that while most of SMACNA’s contractors have been pleased and appreciative of the key

policy wins in the tax bill, he knows they are expecting more positive results on legislative and regulatory issues that were not part of the mega tax and budget package signed into law July 4th (PL 119-15).

The game plan for the rest of the 119th Congress is to urge industry champions in Congress to advance the key policies SMACNA members value. This would include more funding for indoor air quality in schools and public buildings, greater funding and tax credits for the CHIPS and Science Act and boosting grid financing and financial support for expanded data center development. We also will be advocating greater support for nuclear and other forms of grid development needed to support robust public and private investment.

In addition, the Capitol Hill office is advocating for additional residential, commercial

*Stan Kolbe with Rep. Dave Joyce (R-Ohio), Georgia Chapter CEO John Sindyla, GA Committee member Rob Schimmelpfennig and SMACNA President Tom Martin (top left); Stan Kolbe with Rep. Jeff Crank (R-Colo.) and SMACNA Pacesetter Carmen Koo (top right); Stan Kolbe with Rep. Don Bacon (R-Neb.) (bottom left), SMACNA members Warren Gunning with House Minority Leader Hakeem Jeffries (bottom right).*



SMACNA members with Rep. Brendan Boyle (D-Pa.) (top left); SMACNA member Lon Fett, Rep. Tom Cole (R-Okla.) and Executive Director of SMACNA Western Oklahoma David Hames (top right); NYC SMACNA Chapter Executive John Contrubis, Frank Narciso, Rep. Josh Gottheimer (D-N.J.) and SMACPAC Chairman Ron Palmerick (bottom left); SMACNA member Angie Simon, Rep. Kevin Mullin (D-Calif.) and SMACNA pacesetter Michael Simon (bottom right).

and industrial efficiency tax incentives that could be included in any second tax package that could develop before the end of the year or early next year. This would help support greater industry growth and market expansion. To date, thanks to dedicated advocacy, member engagement and strategic coalition partnerships, much has been achieved.

Here are some of the association's top successes on this front.

**1. Secure Extension of R&D Tax Credits, Expensing / Section 179 Bonus Equipment Depreciation Provisions — Passed as part of HR 1 / P.L. 119-15.** One of the landmark accomplishments this year is the extension of vital tax incentives, including research and development

(R&D) credits and expanded bonus depreciation under Section 179. These provisions support investment in cutting-edge technology and critical equipment upgrades for SMACNA contractors and their client businesses. These tax strategies stimulate innovation and operational efficiency across the industry. "This group of tax incentive extensions are foundational for our members; they fuel growth and keep businesses competitive in a rapidly evolving market," Kolbe emphasizes. The CHIPS Act, promoting semiconductor manufacturing, has been transformed into a powerful 35% tax credit that benefits the construction workforce and suppliers in the sheet metal and HVAC

sectors. As Kolbe explains, "When the president threatened to eliminate the CHIPS program and credit, we mobilized swiftly. Now, with bipartisan support, it's stronger than ever, channeling more funding to megaprojects that depend on our contractors and employ SMACNA member workforces."

**2. Defend the Inflation Reduction Act (IRA) Tax Incentives for Private Construction Incentives / Public Projects.** SMACNA vigorously defended the tax incentives found within the Inflation Reduction Act, which have become pivotal in driving private construction investments and public infrastructure projects benefiting sheet metal and HVAC contrac-



**“THIS GROUP OF TAX INCENTIVE EXTENSIONS ARE FOUNDATIONAL FOR OUR MEMBERS; THEY FUEL GROWTH AND KEEP BUSINESSES COMPETITIVE IN A RAPIDLY EVOLVING MARKET.”**

*SMACNA member Dan Monahan and Paul Tonko (D-N.Y.) (top left); Stan Kolbe with DOL Wage and Hour Chief Jessica Looman last fall (top right); SMACNA members Robert Atwell and Jenn Atwell with Rep. Brendan Boyle (D-Pa.) (middle left); SMACNA Pacesetters Steven Benkovsky and Julie Benkovsky with, Rep. Andrew Garbarino (R-N.Y.) (middle right); Stan Kolbe, Carmen Koo, U.S. Secretary of Labor Lori Chavez-DeRemer, Gina Medal and Carol Duncan (bottom left); Stan Kolbe with Senate Majority Leader John Thune (R-S.D.), SMACNA Consultant Erin Delaney and Senator Dan Sullivan (R-Alaska) at SMACNA's suite at Washington Nationals Park (bottom right).*

tors. These incentives encourage energy-efficient upgrades and sustainability efforts, positioning SMACNA members at the forefront of clean construction initiatives. “The IRA tax credits aren’t just policy wins; they’re opportunities for our contractors to lead the energy science and tech industry toward a more resilient future,” Kolbe says.

**3. FAA 5 – Year \$130 Billion Reauthorization: New HVAC Energy Efficiency Work / Terminal Energy Upgrades.** The FAA’s five-year, \$130-billion reauthorization unveiled new avenues for energy efficiency work, specifically targeting HVAC upgrades at new and existing airport terminals nationwide. This legislation also incorporated provisions under the SAFE Act, enhancing safety and workforce development standards essential to fed-

eral construction projects. These investments create significant opportunities for SMACNA members working on airport modernization nationwide. According to Kolbe, “This reauthorization is about future-proofing infrastructure and delivering safer, more efficient projects with a high level of indoor air quality (IAQ) all dependent on members from our industry.”

**4. Promote the Change Order Reform / Small Business Payment for Performance Act.** SMACNA has renewed its call for Congress to endorse the Change Order Reform Act, formally known as the Small Business Payment for Performance Act. This bill would provide much-needed federal contractor payment reform by requiring government procurement officials to provide contractors with far more prompt pay-

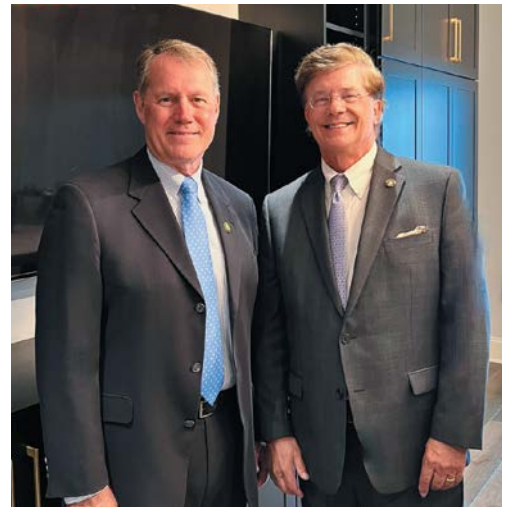
ment on at least half of completed change orders, with expedited resolution procedures for remaining tariff-boosted material costs. The legislation aims to reduce financial uncertainty on federal projects, a major challenge for small contractors deserving of economic price adjustments on construction materials the government unexpectedly tariffed in March.

“Change orders have long been a thorn for our legion of federal contractors,” Kolbe says, “and this bill, championed in part by Congressman Pete Stauber, has earned broad bipartisan backing in past sessions of Congress. It represents an essential correction in federal contracting payment fairness. It’s a game-changer for small business contractors across the country with economic security at stake on public works.”

Stan Kolbe with Rep. Chris Smith (R-N.J.) at a Capitol Hill issue roundtable in June (left); SMACNA CEO Aaron Hilger with Rep. Joe Morelle (D-N.Y.) (right).

Former Secretary of State Mike Pompeo with SMACPAC ambassadors (opposite page, top left); Stan Kolbe and Rep. Ed Case (R-Hawaii) (opposite page, top right); Stan Kolbe with Rep. Joe Morelle (D-N.Y.) on Capitol Hill talking about infrastructure (opposite page, middle right); Rep. Dave Joyce (R-Ohio), Pacesetter Nathan Dills and Rep. Kevin Hern (R-Okla.) (opposite page, bottom left); Stan Kolbe with Rep. Young Kim (R-Calif.) (opposite page, bottom right).





### 5. Support Nuclear Energy Financing, Licensing, and Advanced Technology Act — Now Law.

Another significant victory this summer is greater nuclear industry tax incentives and financial support for the recently enacted ADVANCE Act, accelerating deployment of advanced nuclear energy technologies serving data centers and industrial production growth. This statute, now with more federal support, directs the Nuclear Regulatory Commission to fast-track next-generation nuclear reactors, fostering innovation within the energy sector, which in turn impacts the industrial sector demand for specialized HVAC and sheet metal system installations.

“Supporting advanced nuclear technologies aligns with SMACNA’s commitment to sustainable, low carbon industrial growth,” Kolbe says.

### 6. Defend PLAs / Davis-Bacon Act — Oppose Prevailing Wage or Harmful Reform or Repeal Bills.

Protecting project labor agreements (PLAs) and upholding the Davis-Bacon Act remain high dual labor standard priorities as SMACNA anticipates legislative threats aimed at repealing or weakening these standards. PLAs ensure fair wages and quality labor conditions, critical to project success and workforce quality and stability. “We’re vigilant against any attempt to undermine these protections,” Kolbe says. “They’re fundamental to our members’ ability to deliver world-class work in a civilized and quality driven public construction sector.”

### 7. IAQ in Schools Act (H.R. 5123) and IAQ Commercial Building Assessment Tax Credit – Reintroduction in 2025.

Indoor Air Quality (IAQ) continues to gain legislative focus

at the local, state and federal levels. SMACNA has boosted its media and legislative focus and supports for the IAQ in Schools Act and a corresponding tax credit for commercial building IAQ assessments. These efforts respond to growing public health awareness, linking air quality improvements with health, safety and energy efficiency. As Kolbe emphasizes, “By championing IAQ legislation, we’re positioning our members at the forefront of safer, healthier building environments.”

### 8. Boost Registered Apprenticeship: Support Funds for Skilled Workforce Development Programs in 2025.

Workforce development remains a pillar of SMACNA’s agenda, with bipartisan efforts expected by the Department of Labor (DOL) and in Congress in 2025. The goal remains to enhance greater support and

SMACNA President Tom Martin with Rep. Shontel Brown (D-Ohio) (left); Rep. Timothy Kennedy (D-N.Y.) and Rep. Lindsay James (D-Iowa) (middle); SMCA Chapter CEO Peter Jenkins, Rep. Mary Gay Scanlon (D-Pa.) and Ernie Menold Jr. (right).





funding for registered apprenticeship recruitment, support and oversight efforts. These initiatives should address the industry's decades-long high skill labor shortage by cultivating new entrants of skilled tradespeople, essential to sustaining future industry growth. "Investing in apprenticeships is investing in the future of our industry," Kolbe says. "It's how we ensure there will be a future generations seeking a skilled workforce career."

**9. Commercial Conversion Tax Credits – Reps Carey (R-OH) and Gomez (D-CA) on Ways and Means Committee.** SMACNA is supporting Representatives Carey and Gomez as they advance their innovative commercial building conversion tax credits bill. The tax initiative is designed to quickly

incentivize and stimulate commercial building retrofits, reuse and upgrades. These credits align with federal energy efficiency conversion goals while expanding commercial to residential contracting opportunities for sheet metal contractors. "This tax credit initiative opens new avenues for our members to participate in transformative projects, leveraging technology and sustainability," Kolbe says.

**10. Tackling Tariff Challenges with Pragmatic Advocacy.** While tariffs remain a hot-button issue impacting the bottom lines of SMACNA members, SMACNA's approach is measured and focused on material supply cost mitigation. Instead of escalating political conflict, the Government Affairs team is advocating for change order reforms

that allow contractors to recoup costs caused by tariffs; proposals urging federal agencies to better recognize these cost changes in contracting rules; and efforts ensuring tariff-induced expenses are tax deductible, correcting current inequities. "We acknowledge that the historic tariff uncertainty presents new and unique challenges for contractors but seek practical cost recognition accounting and procurement solutions to minimize contractor financial turmoil," Kolbe says.

## GOVERNMENT AND POLITICAL AFFAIRS BEYOND CONGRESS: STATE GOVERNMENT RELATIONS

State capitols are where many of the rules that shape our businesses — and the communities SMACNA serves — are written. From tax policy

*SMACNA member Dan Monahan with Elise Stefanik (R-N.Y.) (top left); Carmen Koo, SMACNA member Gina Medel, Rep. Laura Friedman (D-CA) and Stan Kolbe (top right); Stan Kolbe with Rep. James Walkinshaw (D-Va.) (bottom left); Stan Kolbe, Annaliese Romain, Dominic Bonitatis, and Rep. Brian Fitzpatrick (R-Pa.) at the SMCA annual banquet in Pennsylvania (bottom right).*

*Opposite page: Rep. Donald Norcross (D-N.J.) with SMACNA member Gary Luthe (top left); Rep. Brian Mast (R-Fla) and SMACNA member Todd Byxbe (top middle); SMACNA pacesetter Karen Fox (on right) and Rep. Lou Correa (D-Calif.) touring a SMACNA facility (top right); SMACNA CEO Aaron Hilger and Stan Kolbe (bottom)*

to public health standards to procurement rules, the decisions made closer to home often move fastest and reach furthest. That's why SMACNA's state government relations work is laser-focused on three things: healthier buildings, smarter tax systems and expanding the market share for our members. This is being done by assisting chapters to feature a far more aggressive and comprehensive policy agenda that treats construction contractors as indispensable partners to state and local construction quality and economic growth.

From now through December, our team will continue working one-on-one with state and local chapters to plan effective advocacy days and set a focused policy agenda for the coming legislative sessions. IAQ funding streams and standards drive real projects with verifiable outcomes. A few victories and noted ongoing battles include:

- Advocating tax rules that reward investment in training, equipment and project quality.
- Leading a multi-state effort to support energy-efficient retrofit codes and standards
- Procurement and permitting reforms emphasizing safety, scheduling, and skilled labor.

### **THE POWER OF ENGAGEMENT: SMACNA'S POLITICAL AND LEGISLATIVE AMBASSADORS, CHAPTERS**

Beyond constant and skilled advocacy by the Capitol Hill team on legislative initiatives, SMACNA recognizes that member legislative advocacy and political engagement is a necessary element to any effort to move Congress in the

right direction. The Congressional ambassador program has grown dramatically in recent years involving many leading contractors in the effort to educate Congress on our industry and its priorities. The Congressional advocacy program is designed to provide members with structured opportunities to meet lawmakers, advance SMACNA policy positions and amplify SMACNA's voice and impact across Capitol Hill and the agencies implementing passed and signed bills into law.

Without question, Kolbe credits SMACNA's vast network of informed, energetic and engaged contractor and chapter executive advocates with creating much of this year's success. The ambassadors meet with their Members of Congress and Hill staff constantly — from coast to coast — keeping conversations flowing with legislators, staff, coalition business leaders and trade media outlets. These grassroots efforts translate into a more informed Congress producing vitally important results in the halls of Congress.

"Our ambassadors are the backbone of our outreach campaign effort to Congress," Kolbe says. "They don't just attend local, state and national policy events, seek handshakes and take photos, they are the face of SMACNA to Members of Congress and top staff. They represent the lifeblood of our advocacy. Our goal is to keep growing the contractor ambassador lobbying network, so every member that is interested can be empowered and participate."

SMACNA has also boosted the number of Washington, D.C., and regional retreats and issue conferences and webinars specifically designed to

educate contractor members on why political involvement matters and how every contractor can have an impact, if they engage.

Legislatively, Kolbe forecasts more hard work ahead, especially in navigating state-level issues. He calls for all SMACNA members to join the contractor and chapter advocacy program campaign and be as informed as possible to step up for SMACNA to grow its footprint in the policy space as well across the political landscape.

"We want to remind everyone that this is a team effort," Kolbe urges. "It's about keeping the industry strong and thriving to consistently advance our policy agenda to better serve all of our member businesses and the economic viability of their HVAC and related markets."

In a year fraught with extreme challenges and uncertainty, SMACNA's Government and Political Affairs Department has achieved tangible wins that make a real difference to the bottom lines of every member market segment. From tax incentives to federal project payment reforms and pragmatic tariff solutions, the work of contractors, chapter executives and skilled and experienced Capitol Hill staff continues to pay dividends for the sheet metal industry.

As Kolbe says, "This is about more than policy. It's about protecting contractor and workforce livelihoods, but it's also about building a better contracting industry for industry leading HVAC firms. We're proud of what we've accomplished, but even prouder that our members are playing the key leadership role on this exciting, ever changing policy journey." ▼

**“THIS IS HOW WE ENSURE THERE WILL  
BE FUTURE GENERATIONS SEEKING  
SKILLED WORKFORCE CAREERS.”**



# How Do Contractors Turn Policy Into Progress?



“Government affairs isn’t something that just happens in Washington, D.C. It happens when SMACNA members get involved. By engaging, we amplify our voices and shape legislation that benefits not just our companies, but our entire industry. Getting involved is something we can all afford to do, and the relationships/friendships we build along the way are invaluable. They strengthen our businesses and our industry for the long term.”

– **Rob Schimmelpfennig**, HAVE Heating and Cooling,  
*Ashtabula, Ohio*



“Legislative advocacy remains a priority, as policies on workforce development and labor standards directly impact our competitiveness. Our partnerships with SMACNA and SMART at the national level strengthen our influence, ensuring our voice is heard from local projects to national policy discussions.”

– **Gary Luthe Sr.**, Luthe Sheet Metal, *Cherry Hill, New Jersey*



"The SMACNA Government Affairs team's extreme awareness of legislative and political affairs has constantly kept our firm and SMACNA contractors informed and in the forefront of many issues and circumstances. The knowledge, dedication and commitment in the arena of pension reform, election updates, energy efficiency bills and unemployment status are just a few of the many items that the SMACNA Government Affairs team orchestrates on behalf of our industry. Additionally, the expert level of communication with Capitol Hill lawmakers and constant connection with the members of Congress has always placed SMACNA National and SMACNA contractors on the cutting edge of the construction industry."

– **John Sickie Jr.**, Duct Fabricators Inc., *Cleveland, Ohio*



"Member engagement is the fuel that makes SMACNA's government affairs efforts effective. When legislators hear directly from contractors in their communities, it brings our issues to life in a way no policy brief ever could. I've seen firsthand how adding my voice to SMACNA's legislative advocacy has helped shape outcomes that protect our businesses, our employees and the sheet metal industry as a whole. The more members who participate, the stronger our impact becomes."

– **Tony Adolfs**, SMACNA Greater Chicago

# Enhancing MEP Coordination in the Age of Building Information Modeling (BIM)



The new SMACNA paper, “Enhancing MEP Coordination in the Age of Building Information Modeling (BIM),” explores how SMACNA contractors can better leverage BIM to reduce coordination headaches and improve project outcomes. Through survey data and interviews with external AEC stakeholders, the paper identifies the root causes of common BIM coordination challenges, such as digital waste, late design changes and unclear handoffs between trades. It also proposes best practices to address them. The paper highlights the impact of contract type, stakeholder engagement, as well as the importance of leadership skills in BIM managers. The research blends real-world pain points with thoughtful visualizations and actionable strategies that contractors can use to improve internal processes and external collaboration. SCAN TO ORDER!

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# New Whitepaper: Intellectual Property in the Age of Artificial Intelligence



The new whitepaper, “Intellectual Property in the Age of Artificial Intelligence,” helps SMACNA members better understand what intellectual property (IP) is, how it applies to their businesses and why it’s increasingly important in a world of digital tools and evolving construction practices. It explains the four major categories of IP — patents, trademarks, copyrights and trade secrets — with a particular focus on trade secrets and copyrighted content, which are most relevant to contractors. The paper explores how internal manuals, unique fabrication processes, training materials and even meeting notes can all represent forms of valuable IP, especially when written down and reused. It also outlines how mismanagement or misuse of this content — internally or externally — can present legal and operational risks for contractors. SCAN TO ORDER!

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# Model Intellectual Property Policy for SMACNA Member Firms



The new “Model Intellectual Property Policy for SMACNA Member Firms” offers a clear, customizable framework to identify, protect and responsibly use intellectual property within their businesses. It defines the key types of IP relevant to contractors, especially trade secrets, copyrighted materials and customer data. It also outlines practical steps for safeguarding proprietary methods, internal documents and client assets. The policy reinforces the importance of NDAs, access controls and responsible content handling, particularly when managing or sharing internal manuals, estimating tools and project documentation. SCAN TO ORDER!

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## CHAPTER SPOTLIGHT: PHILADELPHIA

# How a Century-Old Association is Forging New Leaders

SMCA is cultivating young leadership, strengthening labor ties and expanding educational programs to keep Philadelphia's sheet metal industry strong, sustainable and future-ready.

*SMCA has 33 active contractor members, and roughly half of them are engaged in chapter activities.*

**W**hen people think about leadership in the trades, they often imagine seasoned professionals with decades of experience under their belts. At the Sheet Metal Contractors Association of Philadelphia & Vicinity (SMCA), those leaders are still very much present, but what's equally exciting is who's sitting beside them: a new generation of younger leaders, eager to learn, contribute and carry the industry forward.

"Growing younger leaders isn't just something we talk about, it's something we're actively doing," says Peter Jenkins, Executive Director of SMCA. "We have a wealth of knowledge on our Board, but we're preparing for inevitable retirements. That means identifying individuals who can step in, giving them responsibility and ensuring they understand

not just their own companies, but the association and industry as a whole."

This intentional focus on cultivating leadership is part of what makes SMCA's story both historical and forward-looking. This legacy organization, founded more than a century ago, continues to evolve to meet the needs of contractors, workers and the broader community.

### A CENTURY OF COLLABORATION

SMCA's roots stretch back to Nov. 24, 1919, when six contractors — Thomas Gassner, Victor Clemence, John Call, William Donovan, Walter Tinney and J. Scott — recognized that cooperation among sheet metal contractors was essential to bringing order to the construction industry. The founding charter, which still hangs in the association's office today, set a clear tone: the group was created to "foster, protect and promote the welfare



*SMCA is deliberately cultivating younger leaders to prepare for generational change.*

and interests of those engaged in Roofing and Sheet Metal Work” while ensuring harmony in relationships between employers, employees, and others.

For decades, SMCA operated as the Roofing and Sheet Metal Contractors Association of Philadelphia & Vicinity until roofers branched off to form their own group in 1990. What remained was a strong and highly specialized community of sheet metal contractors committed to quality, safety and mutual success.

### TACKLING TODAY’S CHALLENGES

Like any association, SMCA faces its share of challenges, three of which are pressing:

1. Strengthening its labor-management relationship with Local 19.
2. Identifying and preparing future leaders.
3. Expanding educational offerings for contractors and their employees.

The first challenge is a familiar one in Philadelphia, where the labor-management relationship has historically been complicated. But SMCA is making progress. “We’re trying to communicate more often with union leadership and find areas where we can work cooperatively,” Jenkins explains. Recent successes include negotiating a new collective bargaining agreement that adds a pre-apprentice classification and investing in upgrades to the Training Center’s TAB lab. “We’re starting to build momentum,” he says. “There’s mutual interest in moving the industry forward.”

SMCA also recently launched an Education Credit Program that reimburses contractors for the costs of sending employees, including administrative and non-bargaining staff, for training. Safety is a major focus, too, with Greg Wharton, SMCA’s Safety and Education Program lead, delivering on-site training to ensure compliance with OSHA requirements and best practices.

### PASSING THE TORCH

Preparing for generational change is where SMCA’s story becomes especially compelling. The association is deliberately cultivating younger leaders by giving them meaningful opportunities to learn and lead.

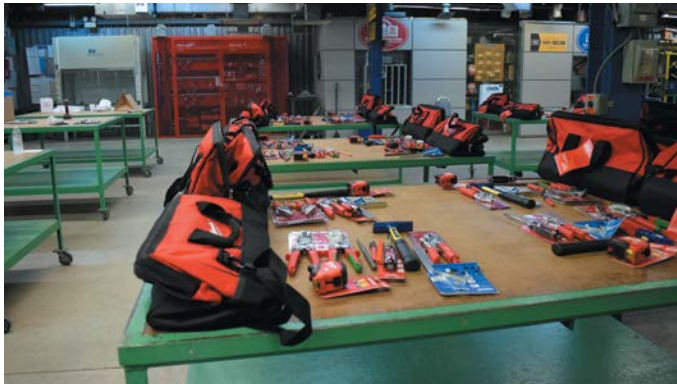
Take Ernest P. Menold of Ernest D. Menold Inc., a fourth-generation leader whose father and grandfather both served on the SMCA Board of Directors, or Jennifer Lohr of Fisher Balancing Co., who has taken on leadership roles both within her company and within SMACNA nationally. Both currently serve as local industry fund trustees and on the Joint Apprenticeship and Training Committee (JATC), where they’re gaining hands-on experience in the labor-management relationship and broader association governance.

“This isn’t just about filling seats,” Jenkins emphasizes. “It’s about making sure the next generation understands the history, the challenges and the opportunities, so they can lead with both respect and innovation.”

### MEMBER-DRIVEN STRENGTH

Today, SMCA counts 33 active contractor members, a number that has remained stable despite natural turnover as some firms close and new ones join. Roughly half of those members are deeply engaged in chapter activities — a level of participation that Jenkins believes could be even higher. “Once you get a member’s foot in the door, whether through an event or committee work, they start to see the value,” he says. “And once they see it, they stay involved.”

Events are central to that value. From the annual Safety Awards dinner to industry dinners that connect contractors with engineers and vendors, SMCA provides members with opportunities to network, learn and showcase their work. Publications and social media amplify these efforts, providing contractors with exposure to both current and potential clients.



SMCA also plays a hands-on role in negotiating and interpreting collective bargaining agreements and supporting the JATC, ensuring a steady supply of skilled workers. Add to that the apprentice reimbursement program, safety training and legislative advocacy, and it's clear why members continue to find value in the affiliation.

SMCA is relying on its current contractor members to connect association staff with individuals who they think would be good fits for committees and to increase involvement. It's also making extra efforts to market the association to contractors, their employees and the Philadelphia market with the addition of Julie Frieswyk as SMCA's Communications Director.

Financially, SMCA has positioned itself well by adopting a new investment strategy that has created space to launch innovative programs, such as the Education Credit Program. Strate-

gically, SMCA is focused on strengthening labor relations, deepening member engagement and spotlighting the next generation of leaders.

"Our biggest success in recent years has been about building a foundation for the future," Jenkins says. "That means tackling challenges head-on, expanding education and, most of all, ensuring younger leaders are ready to step up."

As the association reflects on working with SMACNA National and other chapters, Jenkins says "one of the best things about SMACNA and its chapters is that we aren't competitors, so someone at a local or the national level is always willing to share ideas and experiences."

As SMCA moves forward, it's clear this chapter isn't just preserving a century-old legacy. It's shaping the next one — one conversation, one leader and one project at a time. ▼

*SMCA focuses on strengthening labor relationships, deepening member engagement and growing the next generation of leaders.*



## DUCT & DATA

Travis Voss

# The Majority of SMACNA Members Need a CTO

It's no secret that our industry has seen a rapid digital transformation over the past two decades. From BIM and ERP systems to robotic layout and cloud project management, today's contractors and fabricators have access to powerful tools. Yet many companies still lack something critical: an executive dedicated to technology strategy.

In most industries, that role is the Chief Technology Officer (CTO). The CTO ensures technology decisions align with business goals, but in construction the path to that seat looks different.

In my experience, most construction technologists don't come from big named MBA programs. They tend to start in VDC, BIM, estimating or project management, hands-on roles where they quietly shape the tech stack, usually attacking one problem at a time. They troubleshoot software, smooth workflows and help jobs run safer and more efficiently. Over time, someone notices: "You're basically the CTO already."

These emerging leaders have succeeded not because of a business degree, but because they deeply understand industry workflows and where technology creates impact. Finance, budgeting and forecasting can be learned. What can't be taught is the passion for building smarter. As one colleague put it, it's easier to teach finance to a field-driven technologist than to teach construction to a business generalist.

This role needs to evolve, and it is crucial that it grows beyond this stage. The informal "accidental technologist" model eventually breaks down. A BIM manager or project coordinator juggling tech decisions alongside other duties can't drive long-term strategy. Adoption falters, implementations stall and opportunities are lost.

Technology today is operational, not support. Choosing software and structuring data flows directly influences performance and profitability. Systems are interconnected: an ERP decision affects field operations; a fabrication tool influences estimating. Only a leader with a cross-functional view can make sustainable choices.

As younger professionals enter the industry, they expect modern tools and efficient systems. Appointing a

CTO signals that your company values innovation and is investing for the future. Not only is this important for operational success, but it also differentiates your company and becomes a strategic move.

For technologists in the room aspiring to the role, the path starts with visibility. You must build your case. Map your digital workforce like an org chart: systems, contracts, training, support and innovation. Identify gaps and inefficiencies. Document wins, show ROI (even if I contend that they can be vague) and demonstrate how your work drives company-wide value. Don't assume executives see it; prove it.

Succession planning is another marker of readiness. If you're wearing 12 hats, identify who will take over your day-to-day when you step into leadership. Build your case like a project: scope, budget, timeline and backfill. Then present the vision: "Here's what we could accomplish if I had the authority to lead these changes."

A common pushback is, "You're already acting like the CTO; why change anything?" The answer is simple: authority matters. It needs to be made official. Without the title, you lack the power to make decisions, establish policies or hold others accountable across departments. The company expects leadership without granting the mandate or support structure.

When formalized, the CTO role unites departments, accelerates decisions and maximizes the value of digital investments. It's not about a title; it's about building a future-ready business.

It's important to remember that the best CTOs aren't isolated in corner offices. They're out with teams, listening, adjusting and ensuring the tech program works. Done right, the role becomes the athletic director of your digital ecosystem; coordinating coaches, players and equipment to keep everyone moving in the same direction. ▼

*Travis Voss is the Director of Innovative Technology and Fabrication at SMACNA. He leverages his background in the tech field to explore, adapt and potentially develop technologies and workflows for the construction industry, particularly as it undergoes its digital transformation.*



## FINANCIAL STEWARDSHIP

Ronald J. Eagar

# Construction Tax Planning Under the One Big Beautiful Bill

**T**he One Big Beautiful Bill Act (OBBBA), a sweeping 2025 tax reform package, introduces wide-ranging changes to federal tax policy. While it may appear broadly applicable across industries, its impact on construction is direct and substantial. The legislation introduces targeted opportunities to strengthen cash flow, accelerate growth and reinforce long-term financial strategy, especially with early and informed planning.

While it does not resolve current industry headwinds, OBBBA introduces tools that can improve financial resilience. Many provisions extend or make permanent key incentives, including depreciation, deductions and rate structures.

### BONUS DEPRECIATION AND SECTION 179

OBBBA permanently reinstates 100% bonus depreciation for qualifying property placed in service on or after Jan. 19, 2025, and expands Section 179 expensing to \$2.5 million, with a phase-out beginning at \$4 million. These deductions offer powerful incentives to preserve liquidity and reinvest in operations. Capitol-intensive businesses should: align capital investment schedules with property placement timelines, account for tariff-driven cost increases and analyze state-level conformity rules to avoid missed benefits.

### CONSTRUCTION INCOME RECOGNITION

OBBBA now allows residential construction contracts to utilize an exempt method, deferring income recognition until substantially complete. Eligibility highlights: residential construction contracts automatically qualify, and other contracts may qualify if the contractor's average annual gross receipts are under \$31 million and the contract is expected to be completed within three years.

### RESEARCH AND DEVELOPMENT (R&D) CREDITS

Some construction activities may qualify as R&D. For tax years beginning after Dec. 31, 2024, domestic research and development costs may be immediately deductible. Companies with average gross receipts of under \$31 million may amend prior year returns for 2022 through 2024. Larger businesses may not amend prior year returns but may elect to accelerate unamortized costs in 2025 or split them over 2025–2026. Qualifying

activities may include: design innovation, engineering refinement and material testing; prefabrication modeling or alternative waterproofing techniques; and process improvements with variable outcomes or technical uncertainty.

### INTEREST EXPENSE DEDUCTION

OBBBA reinstates the EBITDA-based limitation under IRC §163(j), restoring the ability to include depreciation, depletion and amortization when calculating adjusted taxable income.

### QUALIFIED PRODUCTION PROPERTY (QPP)

A 100% deduction is now available for Qualified Production Property (QPP), which is a nonresidential building used primarily for domestic manufacturing or fabrication.

### SALT CAP AND PTET RELIEF

OBBBA increases the federal SALT deduction cap to \$40,000 for individuals who itemize and maintains the federal deductibility of taxes paid under elective Pass-Through Entity Tax (PTET) regimes.

For contractors structured as partnerships or S corporations in high-tax states, this ensures continued access to valuable deductions. Strategic actions include reviewing current PTET election status, reassessing quarterly estimates considering updated caps and coordinating across entities and jurisdictions to maximize benefits.

### ESTATE AND GIFT TAX PLANNING

OBBBA makes the \$15 million individual (\$30 million joint) estate and gift tax exemption permanent, with indexing beginning in 2026. While this provides federal certainty, state-level differences persist.

Recommended planning moves:

- Reevaluate estate plans and ownership structure.
  - Align gifting strategies with current valuations.
  - Coordinate with counsel to address state-level nuances.
- Exemptions may be fixed, but market conditions and state law require regular review. ▼

*For more information, contact Ronald J. Eagar, CPA, CCIFP Partner at Grassi, at [reagar@grassiadvisors.com](mailto:reagar@grassiadvisors.com), through [www.grassiadvisors.com](http://www.grassiadvisors.com) or at 516-336-2460.*



## LEGAL

Grant Collins

# Fifth Circuit Finds NLRB Structure Likely Unconstitutional

**O**n Aug. 19, the U.S. Court of Appeals for the Fifth Circuit halted unfair labor practice proceedings against three employers, most notably SpaceX, before the National Labor Relations Board (NLRB). The Fifth Circuit concluded that the removal protections for NLRB Members and Administrative Law Judges (ALJs) likely violate the U.S. Constitution.

The Fifth Circuit's ruling does not shut down the NLRB. The decision is binding only in Louisiana, Mississippi and Texas — the states covered by the Fifth Circuit. But it marks another setback for the NLRB, which is already facing litigation over President Trump's firing of NLRB Member Gwen Wilcox and is hampered by a lack of "quorum" that prevents the Board from taking official action.

### REMOVAL PROTECTIONS LIKELY UNCONSTITUTIONAL, FIFTH CIRCUIT SAYS

The Fifth Circuit focused on how, under the NLRA, decision makers are shielded from termination by the President. Specifically, Board Members may be removed only "for cause," and ALJs are doubly protected: they may be removed only for cause and only through another board.

The court concluded that these removal protections for NLRB Members and ALJs likely violate the U.S. Constitution. It further held that being subjected to unconstitutional proceedings constitutes irreparable harm, granting the employers' requests for an injunction to halt their NLRB proceedings.

The NLRB is expected to appeal to the U.S. Supreme Court, which will ultimately decide whether the NLRA's removal protections are constitutional.

### THE NLRB'S "QUORUM" CRISIS

Adding to the uncertainty, the NLRB currently lacks a quorum. According to a 2010 U.S. Supreme Court decision, the NLRB must have at least three members to exercise its authority.

After President Trump fired NLRB Member Gwen Wilcox in February 2025, the Board was reduced to two members: David Prouty and Marvin Kaplan. Kaplan's term expired on Aug. 27, leaving the NLRB with only one member. Without a quorum, the Board cannot issue decisions, leaving hundreds of cases in limbo.

There is some hope that the quorum crisis may end. In July 2025, the White House nominated Scott Mayner, who is currently Chief Labor Counsel for Boeing Co., and James Murphy, a longtime NLRB attorney and counsel to multiple Republican members, to fill the vacancies. If confirmed by the Senate, the Board would have the three members needed for quorum. However, the Senate has not yet scheduled hearings on either nomination.

### STATES ATTEMPT TO STEP INTO THE FRAY

In response to the NLRB's paralysis, several states are moving to fill the gap by proposing "mini-NLRAs."

- **New York** — Legislators in New York have passed Assembly Bill A8590/Senate Bill S8034A, which would empower the state's Public Employment Relations Board to handle private-sector labor disputes when the NLRB cannot act. It has passed both houses and awaits Governor Kathy Hochul's signature.
- **California** — Legislators in California are currently considering Assembly Bill 288, which would authorize the state's Public Employment Relations Board (PERB) to handle private-sector labor disputes if the NLRB fails to act in a timely manner.

These efforts may clash with federal law, which normally preempts state regulation of private-sector labor relations, but legislators say they are necessary backups.

### THE NLRB FIRES BACK

On Aug. 15, Acting NLRB General Counsel William Cowen issued a memo warning that any state attempt to assert jurisdiction over matters governed by the NLRA would be preempted. The memo cited *San Diego Building Trades Council v. Garmon*, 359 U.S. 236 (1959), which held that states may not regulate conduct "that the NLRA protects, prohibits, or arguably protects or prohibits."

Cowen says legislation like that in New York and California "cannot be reconciled with the Supremacy Clause, found in Article VI, Clause 2 of the U.S. Constitution."

The message was clear: the NLRB intends to continue operating and defending its authority, despite the Fifth Circuit ruling and its current lack of quorum. ▼

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## SMACNA CALENDAR

### 2025

#### OCTOBER

##### October 26-29

2025 SMACNA  
Annual Convention  
Maui, Hawaii

#### DECEMBER

##### December 7-9

Council of Chapter  
Representatives Meeting  
Nashville, Tennessee

### 2026

#### JANUARY

##### January 12-13

2026 Safety & Health  
Conference  
Austin, Texas

##### January 14-15

Collective Bargaining  
Orientation  
Tempe, Arizona

##### January 20-22

SMACNA-SMART Joint  
Exhibitor Booth:  
Roofing Expo  
Las Vegas, Nevada

##### January 26-28

2026 MEP Innovation  
Conference  
Austin, Texas

#### FEBRUARY

##### February 2-4

2025 AHR Expo  
Las Vegas, Nevada

#### February 8-11

Project Managers  
Institute  
Dallas/Fort Worth,  
Texas

#### February 8-10

Chapter Executives  
Institute  
Orlando, Florida

#### MARCH

##### March 2-4

Supervisor Training  
Academy  
Orlando, Florida

##### March 23-24

New Chapter Executive  
Orientation  
Chantilly, Virginia

##### March 23-26

Business Management  
University  
Phoenix, Arizona

##### March 25

Strategic Planning  
Facilitator Training for  
Chapter Executives  
Chantilly, Virginia

#### APRIL

##### April 12-14

2026 SMACNA  
Fab Forum  
Chicago, Illinois

##### April 26-29

Senior Project  
Leadership Institute  
Rosemont, Illinois

#### MAY

##### May 31 - June 2

Council of Chapter  
Representatives Meeting  
Quebec City

#### JUNE

##### June 7-10

Project Managers  
Institute  
Boston, Massachusetts

#### OCTOBER

##### October 25-28

2026 SMACNA  
Annual Convention  
Orlando, Florida

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