



August 1, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi and Leaders Schumer, McConnell, and McCarthy:

On behalf of Associated Builders and Contractors, a national trade association with 68 chapters representing more than 21,000 members, I am writing to express our opposition to the Inflation Reduction Act of 2022. ABC is opposed the bill's tax hikes and restrictive labor policies that would be devastating for the construction industry and the recovery needed to restore our economy.

While the messaging around these tax provisions focus on the wealthy, these severe tax hikes on American companies would further exacerbate [high materials prices](#) for nonresidential construction projects, which have increased by 20% during the past 12 months and 46% since Feb. 2020, and expose contractors to additional supply chain and employment issues as they continue to recover from the COVID-19 pandemic. A recent Joint Committee on Taxation analysis found that the bill would also raise \$16.7 billion in taxes in 2023 from Americans making less than \$200,000 annually, violating President Biden's pledge to not raise taxes on individuals earning less than \$400,000 a year.

Further, this bill penalizes employers that believe in fair and open competition and pay wages based on experience, quality and market rates and limits opportunities for thousands of construction workers and industry-recognized apprentices. The unprecedented expansion of Davis-Bacon and government-registered apprenticeship requirements in this bill apply to a host of tax credits for the construction of energy facilities and structures. This is concerning with the Biden administration pursuing a new rule affecting prevailing wage rates that fails to fix the unscientific wage determination process, rescinds modest pro-taxpayer reforms that have been in place for nearly 40 years and increases regulatory burdens on small businesses, new industries and more public works projects. These tax credits would provide an increased credit for private facilities that impose Davis-Bacon prevailing wage requirements and government-registered apprenticeship labor-hour quotas ranging from 10% to 15% of total labor hours depending on the year of qualifying construction projects.

We believe this new credit would put ABC members at a serious competitive disadvantage when it comes to winning contracts for these critical energy projects and limit the ability of many otherwise qualified small businesses and skilled construction workers and apprentices from participating in these projects. In addition, the government-registered apprenticeship system is unlikely to have the capacity to meet this [added demand](#) as a result of these tax incentives in concert with [other Biden administration policies](#) pushing government-registered apprenticeship programs on federally assisted construction projects.

All things considered, while the bill provides \$250 billion in incentives for clean energy projects, 83% of the value of these credits lies in projects our members will be largely prevented from participating in due to these labor restrictions. For an industry facing a [workforce shortage of 650,000 in 2022](#), this is no time to impose restrictive labor policies that would harm so many of America's workers.

The bill also contains additional domestic content provisions, which can be well-meaning, but at a time when we are facing such a significant rise in material costs could have severe unintended consequences for the costs of these projects and the ability to complete them on time and on budget. This is exceedingly concerning, as the 15% tax threatens to hit U.S. manufacturers the hardest.

Additionally, the bill includes funding to implement complex environmental review processes that could add lengthy analysis and consideration, further slowing the federal permitting process for critical energy, infrastructure and construction projects. ABC has consistently advocated for a more streamlined permitting process that takes into account serious environmental concerns but does not allow for needless delays and obstruction.

As the construction industry is already contending with record-high inflation, a skilled labor shortage and [recessionary trends](#), this ill-advised proposal could have further, devastating effects on the construction industry and America's economy. ABC urges Congress to reject the harmful policies included in the budget reconciliation package and work together and address the ongoing needs of our economy and hardworking Americans.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Swearingen', written in a cursive style.

Kristen Swearingen
Vice President, Legislative & Political Affairs