



August 10, 2022

U.S. House of Representatives
Washington, DC 20515

Dear Representatives:

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 to 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. ABC urges you to oppose this reconciliation package **and will consider this a "KEY VOTE" for our scorecard on the 117th Congress.**

The Senate-passed reconciliation package includes anti-growth tax policies and injects hundreds of billions of federal dollars into the economy at a time when we are facing record-high inflation, partially due to the previous, partisan \$1.9 trillion reconciliation package passed last March.

During the Senate consideration of the bill, a detrimental amendment from Sen. Mark Warner, D-Va., was also included in the final package that extends limits on pass-through business losses that can be used to reduce other taxable income. This \$52 billion tax increase comes at a difficult time in our nation's economy with an increasing number of small businesses suffering losses and forced to shoulder this additional, unnecessary tax burden.

Critically for ABC and the construction industry, this bill not only penalizes employers that believe in fair and open competition and pay wages based on experience, quality and market rates, but also limits opportunities for thousands of construction workers and industry-recognized apprentices. The unprecedented expansion of Davis-Bacon and government-registered apprenticeship would provide an increased tax credit for private employers 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.

This is additionally concerning as the Biden administration pursues 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 additional public works projects.

We also believe this new bonus 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.

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 millions of America's workers.

The reinstatement of the Hazardous Substance Superfund financing rate on crude oil and imported petroleum products at the rate of 16.4 cents per barrel, indexed to inflation, could cause further increases in gas prices, utility costs and additional price spikes in petroleum-based products. Many construction materials are petroleum-based and already have seen a price increase of 100% or more over the past year.

The bill also contains additional domestic content tax incentives, which can be well-meaning, but at a time when we are facing a significant increase in [materials costs](#), this incentive could have severe unintended consequences for the costs of these projects and the ability to complete them on time and on budget.

Finally, 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 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 to address the ongoing needs of our economy and all hardworking Americans.

ABC urges a NO VOTE on the Inflation Reduction Act and will consider this a "KEY VOTE" for our scorecard on the 117th Congress.

Sincerely,



Kristen Swearingen
Vice President, Legislative & Political Affairs