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From the desk of Ed Orlet:

Happy New Year! We are now officially in a Presidential election year with much at stake for electrical distributors, including the potential for massive tax increases in just two short years when the Tax Cuts and Jobs Act provisions expire. Electrification and its implementation are still being debated in the halls of Congress and on the state level. New energy efficiency tax credits passed through the Inflation Reduction Act could also be on the table for negotiation again. In the immediate, Congress hopes to pass a package of “tax extenders” which include restoring full bonus depreciation, the Research and Development (R&D) tax credit, and the section 163(j) business interest expense provision.

Here are the issues we are keeping an eye on this month:

Is Your Business Ready for the Corporate Transparency Act (CTA)?

Starting January 1st of this year, more than 32 million small businesses are now required to provide information on “beneficial ownership” to FinCen, Financial Crimes Enforcement Network. Our friends at the S-Corp Association hosted a helpful webinar for small business owners on CTA at the end of last year. We highly recommend you and your tax professionals review the webinar which takes a deep dive into compliance [here](#).

The S-Corp Association, of which NAED is an active member, is pushing Congress to adopt legislation that would officially delay implementation of the law until small businesses can catch up with the compliance requirements. Take a look at the points made in this letter to the Treasury Department from 80 members of the Senate, available [here](#).

Labor: NAED Joins Efforts to Nullify Joint Employer Rule

NAED continues to fight back against changes to labor law which could potentially subject our member businesses to more illegitimate lawsuits and increase the threat of unionization. Several small business

associations including NAED joined a coalition letter in November, urging nullification of the rule. The letter reads in part:

“Issued in October 2023, the NLRB’s Final Joint-Employer Rule institutes an unworkable, overly broad set of circumstances under which a company is considered a “joint employer” under federal law. The Final Rule will cripple small businesses in numerous sectors by exposing them to frivolous litigation, eliminating jobs, and slowing wage growth across the country – just like it did when a similar standard was implemented in 2015. At a time of continued economic uncertainty, it is alarming that the NLRB has chosen to move forward on such a divisive and damaging joint employer rule.” Read the full letter [here](#).

The House voted on Friday 1/12/23 to pass H.J.Res. 98, a Congressional Review Act resolution of disapproval to overturn the NLRB’s Final joint employer rule sponsored by Congressman John James (R-MI). We also expect the Senate to vote on the CRA resolution this month.

For more Joint Employer updates, visit the Coalition to Save Local Businesses page [here](#).

Congress Continues to Push Towards “Tax Extenders” Package

For the past four years, Congress has failed to address what DC insiders refer to as “tax extenders” which is a group of tax provisions that require renewal at the end of each year. For NAED members, our principal concern is restoring full bonus depreciation. The 2017 Tax Cuts and Jobs Act improved the rules for depreciation by providing an immediate tax benefit for investing in certain short-lived assets (Section 168(k)). Bonus Depreciation phased down from 100% to 80% in 2023. Beginning on January 1 of this year, the provision has phased down to 60% and is scheduled to phase out completely by 2027. In exchange for renewing provisions like bonus depreciation, the small business interest expense (Section 163(j)), and the Research and Development tax credit (Section 174), Congressional Democrats are insisting on an expanded Child Tax Credit. A section by section update on the tax package released by House Ways and Means Chairman Smith and Senate Finance Committee Chairman Wyden is available [here](#). Last Friday, the House Committee on Ways and Means advanced this legislation with a strong bipartisan vote. As we continue to push Congress on tax extenders, our team will ensure that you have the latest information about all upcoming tax negotiations and changes to the law.

House Companion Death Tax Repeal Bill Introduced

Last week, NAED [joined](#) over 157 small business and advocacy associations supporting Rep. Feenstra (R-IA) and Sanford Bishop’s (D-GA) [Death Tax Repeal Act](#). Many NAED members are multigenerational family businesses with much at stake as they seek to pass their businesses to the next generation of ownership. The death tax has been a thorn in the side of small businesses for decades and the Family Business Coalition is focused on building momentum for repeal looking towards the next major tax reform bill in 2025. If no legislation is passed before December 31, 2025, the current estate tax exemption will automatically be cut in half, putting more NAED members in the crosshairs of the estate tax. Republicans are stepping up to make this issue a key priority, with 162 original cosponsors joining the House bill (more than joined the entirety of last Congress). Politico Morning Tax and other publications highlighted the support.

Regulations and Tax Credits Refresher

Over the past few years, several new regulations potentially impacting NAED members have been proposed and implemented, with the Department of Energy being the most active agency on this front. Tax credits passed under the Inflation Reduction Act (IRA) which provide incentives for homeowners and commercial building owners to upgrade their systems remain in place.

New DOE regulations include:

- Guidance on energy efficiency (more [here](#))
- Direct final rule on electric motor efficiency (more [here](#))
- Light bulb efficiency rule (more [here](#))

As a reminder, the Inflation Reduction Act (IRA) created a “High-efficiency Electric Home Rebate Program” which provides state energy offices with funds to give low and medium-income homeowners and landlords a rebate of up to \$14,000 on qualifying changeovers to move homes from gas appliances to electric. The IRA also included long-term extension of Section 25C, the renamed Energy Efficient Home Improvement Credit; Section 45L, New Energy Efficient Home Credit, and updates to Section 179D, Energy Efficient Commercial Buildings Deduction. For a full refresher of energy efficiency tax credits passed under the Inflation Reduction Act, check out the IRS’s listing [here](#). In addition, this helpful [article](#) from last year in Electrical Contractor Magazine contains an in-depth Q&A on new rebates and incentives that are “Ripe for the Picking.”

Election Year Politics Update

Grab your popcorn and get ready for what is sure to be an exciting election year during which Congress has given themselves plenty of time to campaign back home. As it stands now, if current schedules hold, both chambers will be out for a week in late February; the last week of March; the first week of April; another week in late April; the week of the Fourth of July; the typical month-long August recess; the entire month of October; election week in early November; and then a post-election lame duck session for two weeks in November and three weeks in December.

As you’ve no doubt seen in the news President Trump ran away with the Iowa caucuses and is predicted to win again when New Hampshire hosts its primary this week.

With Governor Ron DeSantis dropping out of the race, Nikki Haley stands as the lone challenger to former President Trump. What challengers are looking for on the Republican side: can Nikki Haley make a better showing than predicted in New Hampshire? New Jersey Governor Chris Christie who campaigned heavily in New Hampshire has dropped out of the race and pollsters seem to assume that most of his supporters will put their support behind Haley. If so, she is likely to pick up more donors to continue her push into her home state of South Carolina, where President Trump is again hugely ahead in the polls in a similar fashion to Iowa, leading by nearly 30 points. On the Republican side, it is hard to see in the immediate how candidates can slow down the momentum Trump will likely be building by notching big wins in more early states. New Hampshire decides only 22 of the 1,215 delegates required for the nomination by the Republican National Committee but has traditionally had an outsized influence because of its early spot in the Republican primary schedule. Stay tuned for more updates on the House, Senate, and Presidential races during this busy election year.

Please stay tuned as we keep you updated on policies affecting electrical distribution during this exciting election year! You can reach out to EOrlet@naed.org with any questions or comments on the Washington

Wire.