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New Round of Tariffs

On February 1, under the International Emergency Economic Powers Act (IEEPA), President Trump implemented new tariffs—25% on imports from Canada and Mexico and 10% on imports from China, including steel, aluminum, and other key goods—to address what he deems a national emergency caused by illegal immigration and drug trafficking, particularly fentanyl. He justified the move by arguing that China, Mexico, and Canada have failed to curb the flow of illicit drugs and illegal migration, threatening U.S. national security. As has been done in the past, the administration is leveraging economic pressure to enforce border security, contending that past policies have been ineffective, and it may have proven effective as the President announced a pause in enforcement after Mexico and Canada agreed to beef up border protections.

House and Senate Advance Dueling Reconciliation Plans

Congress has taken two different paths in the ongoing budget resolution process, with the House and Senate pursuing distinct strategies that will ultimately require reconciliation in a conference committee. For electrical distributors, the outcome of this process is critical, especially as it relates to passing a permanent extension of the Tax Cuts and Jobs Act (TCJA), which has been instrumental in fostering business growth, reinvestment, and job creation across our industry. The House recently passed its budget resolution, setting the stage for sweeping tax cuts, increased defense spending, and border security measures packaged into one comprehensive bill. This ambitious approach includes provisions that could provide long-term tax relief for small businesses and family-owned distributors, while also allowing for substantial spending cuts. A key question remains whether the Senate will ultimately agree to the House's all-in-one strategy or pursue its two-phase approach to fiscal priorities. Either way, the final resolution will impact critical tax policies for years to come.

Several key provisions of the TCJA are particularly vital to electrical distributors. The 20% deduction for pass-through businesses under Section 199A is essential for ensuring that family-owned distributors are not taxed at higher rates than firms paying under the corporate rate. Bonus depreciation, which allows businesses to fully expense capital investments in equipment and infrastructure, has encouraged companies to modernize their operations, making them more efficient and competitive. Additionally, maintaining lower marginal tax rates for businesses will help fuel continued growth and job creation in our sector. Protecting these provisions in the budget process is critical for the long-term health of the electrical distribution industry.

At the same time, NAED is closely monitoring efforts to rein in federal spending, particularly in the House, where there is a strong push to cut \$2 trillion in spending as part of the budget resolution. While spending cuts are an important component of fiscal responsibility, we are concerned about the potential elimination of energy efficiency tax credits that directly support our industry. These credits are critical to expanding the adoption of advanced lighting, renewable energy technologies, and high-efficiency electrical systems—sectors that drive innovation and job creation while reducing energy consumption nationwide. NAED is working with lawmakers to ensure these incentives remain intact. Permanent tax relief, fair treatment for family-owned businesses, and the preservation of energy efficiency credits are essential to the continued success of our industry. We remain committed to ensuring our members' voices are heard and that the final budget resolution reflects the needs of electrical distributors across the country.

Critical Infrastructure Bill for Transformers

Senators Jerry Moran (R-KS.) Catherine Cortez Masto (D-NV.) introduced the bipartisan Credit Incentives for Resilient Critical Utility Infrastructure and Transformers (CIRCUIT) Act. The Bill seeks to address the growing demand for electric distribution transformers by expanding the Advanced Manufacturing Production Credit (45X) to include these critical energy components. With transformer shortages threatening grid reliability and economic growth, this legislation aims to bolster domestic production, enhance energy resilience, and support U.S. manufacturing. The bill may be considered in an upcoming reconciliation package or as a stand-alone measure. Either way, if it becomes law, this will help ensure reliable power for homes and businesses.

NAED Applauds Introduction of the Death Tax Repeal Act

This month, Senate Majority Leader John Thune and Congressman Randy Feenstra reintroduced the *Death Tax Repeal Act*, which aims to permanently eliminate the federal estate tax, often referred to as the "death tax." This legislation represents a significant step towards protecting family-owned businesses from burdensome taxation that threatens their survival with each generational transfer.

The *Death Tax Repeal Act* has garnered impressive bipartisan support, with 175 original cosponsors in the House and 46 cosponsors in the Senate – a record high for the bills, surpassing the total number of cosponsors from the last Congress. House Ways and Means Chairman Jason Smith and Senate Finance Chairman Mike Crapo are among the original cosponsors, along with key members of House and Senate leadership.

In Congressman Feenstra's press release announcing the bill's reintroduction, he included a quote from Bud DeFlaviis, NAED's Director of Government Affairs:

"Our members distribute the products that power America, but the death tax is a constant threat to family businesses that make up a significant portion of our membership. Many NAED family businesses have described the current system in very stark terms, by being forced to 'buy their businesses back from the government' at the turn of every generation while also paying heavy compliance costs each year for succession planning. NAED applauds Senator Thune, Congressman Feenstra, Congressman Bishop, and all of the original cosponsors of these bills for standing up for family-owned electrical distributors across the country. Repealing the death tax will remove a significant burden from the backs of our members while helping them to expand and hire more employees."

The National Association of Electrical Distributors (NAED) has long advocated for the repeal of the estate tax to protect family-owned distributors from the overwhelming financial strain caused by this outdated policy. Eliminating the death tax will allow these businesses to focus on growing, investing in their operations, and creating jobs, rather than diverting resources toward costly succession planning and compliance. NAED was a founding advisory board member of the Family Business Coalition which recently organized [200 associations on a coalition letter](#), including industry partners like NEMA, NECA, and NEMRA, supporting the *Death Tax Repeal Act*.

Reversing Efficiency Standards

President Donald Trump recently announced that his administration would roll back efficiency standards including reversing the much-discussed and often-reversed phaseout of incandescent lamps. Trump directed EPA Administrator Lee Zeldin to restore his previous policies, though the Energy Department—not the EPA—is responsible for setting appliance standards. His statement reflects his long-standing criticism of efficiency regulations, which he argues restrict consumer choice. Under the Biden Administration, the Energy Department increased standards for appliances like washing machines and dishwashers, aligning with recommendations from manufacturers and efficiency groups, citing cost savings and emissions reductions.

Trump's push to undo these regulations comes as his Energy Secretary, Chris Wright, has already ordered a review of the efficiency rules put in place under Biden. Wright's first directive calls for a "comprehensive review" of appliance standards, signaling a shift toward what he describes as a more "commonsense approach" that prioritizes affordability and consumer choice.

Fighting for a Level Playing Field in Organizing Campaigns

NAED recently joined the Coalition for a Democratic Workplace (CDW) and 41 organizations to oppose a push by Senator Josh Hawley's (R-MO) proposed labor policy framework, which reconstitutes a variety of controversial provisions from previously rejected legislation, including the PRO Act and the Warehouse Worker Protection Act. If these policies were enacted, they would do little to help workers, and hurt employers, and the economy. The PRO Act includes provisions such as expedited union elections, which would ban employer-led informational meetings on unionization, a move the coalition claims would leave employees uninformed about the potential consequences of union representation.

The Warehouse Workers Protection Act proposes new standards for quotas and workplace surveillance in warehousing and distribution, expands the Department of Labor with a new "Fairness and Transparency Office," and revives the previously invalidated OSHA Ergonomics Standard. Additionally, it undermines employer due process by requiring hazard abatement before challenges can be made and unfairly favors unions by allowing labor representatives to participate in agency investigations. The letter urges the Senate to reject the framework and its policies.

Thank you for staying engaged with our advocacy efforts and feel free to reach out to Bud DeFlaviis (Bud@NAED.org) or Ed Orlet (EOrlet@NAED.org) directly with any questions or comments.