

ARMA Government Affairs Report

ARMA Fall Board and Executive Committee Meetings

November 2, 2017

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The logo for the Asphalt Roofing Manufacturers Association (ARMA) is located in the bottom right corner. It features a stylized roof shape composed of two overlapping triangles, one light gray and one light red, pointing downwards. To the right of this graphic, the text "ASPHALT ROOFING™" is written in a bold, sans-serif font, with "MANUFACTURERS ASSOCIATION" in a smaller, all-caps, sans-serif font directly below it.

ASPHALT ROOFING™
MANUFACTURERS ASSOCIATION

2016 Election Results

U.S. Senate – Republican

- Was 54 – 46 Republican Majority
- Now 52 – 48 Republican Majority

U.S. House – Republican

- Was 247 – 188 Republican Majority
- Now 241 – 194 Republican Majority

White House – Republican

Halfway Point Report Card per 2-Year Cycle

- Spending Bills – D
- Repealing/Replacing Obamacare – F
- Tax Reform – Incomplete
- Cutting Regulations – B+
- Workforce Issues – Incomplete



Budget & Spending Bills 2017-2018

- Continuing Resolution (CR) passed Dec. 2016
 - Extended thru May 2, 2017
- “Glorified” CR passed May 2, 2017
 - Dem’s claim victory
 - 160 Republican policy “riders” blocked
 - Stymied many of Trump’s priorities (the “Wall” etc.)
- Another CR + Debt Limit Increase Passed Sept. 8
 - Trump deal with Schumer and Pelosi
 - Goes to Dec. 8, 2017





- The Affordable Care Act (ACA/“Obamacare”) must be:
 - Repealed and Replaced, or Repaired
 - Aetna has quit Virginia’s Obamacare Market for 2018
 - Thousands of counties in U.S. with just one healthcare.gov carrier
 - Final Insurance Plans Rate Hikes for 2018 on Nov. 1
- R’s had 3-stage Process to Repeal/Replace
 - Started with a reconciliation bill



Repeal Obamacare and Enact Tax Reform using “Reconciliation”

- To repeal Obamacare and Enact Tax Reform:
 - Republicans must pass a budget (or budgets) first
- Passing a budget allows a procedure called reconciliation
 - Permits the Senate to bypass the 60-vote filibuster threshold
- Budget must include a line item that:
 - Instructs committees to change law to reconcile with budget
- Must pass two budgets
 - FY17 for Obamacare expired Sep 1, 2017
 - FY18 for Tax Reform





- House passed American Health Care Act on May 4, 2017
 - Repeals tax penalties tied to individual/employer mandates
 - Replaces ACA's subsidies with new tax credits
 - Eliminates ACA's tax increases
 - Creates state waiver program for essential benefits
 - Restructures the Medicaid program saving **\$900b**
- Medicaid savings is why healthcare preceded tax reform
 - But Senate failed to pass bill by Oct. 1 reconciliation deadline

Trump Healthcare EO & Decision to Suspend CSR Payments to Insurance

- Trump signs healthcare EO on Oct. 12, 2017
 - “Promote Healthcare Choice and Competition Across the United States”
 - EO seeks to allow the sale of health insurance across state lines by:
 - Allowing employers to form Association Health Plans under ERISA
 - DOL (Treasury and HHS) must draft a regulatory proposal
 - Rulemaking process suggests any new rules won't be effective until 2019
- Trump EO on healthcare also seeks to:
 - Reverse restrictions on Short-Term, Limited Duration Insurance
 - Expand Health Reimbursement Arrangements (HRAs)
- Trump opts not to approve CSR payments in October
 - Cost Sharing Reduction payments to insurance companies

Republican Tax Reform Unified Blueprint:

Corporate tax rate	20%
Business income pass-through tax rate	25%
Taxation of future foreign earnings	Territorial, 100% exemption for dividends paid from foreign subsidiaries
Taxation of accumulated foreign earnings	8.75% for cash/cash equivalents, 3.5% otherwise
<u>Border adjustability - DROPPED</u>	<u>Exports exempt from tax/imports taxed - DROPPED</u>
Cost recovery	100% expensing
Interest expense	Not deductible on a net basis
Corporate tax preferences	Generally eliminated, except for R&D credit/LIFO
Individual tax rates	12%, 25%, 35%
Investment income	50% deduction, basic rates of 6%, 12.5%, and 16.5%
Individual deductions	Eliminated except for mortgage interest, charitable contributions; standard deduction increased
AMT/Estate tax	Repealed

Tax Extenders for Energy-Efficient Buildings are Probably History

- Three Incentives that Expired Dec. 31, 2016:
 - Residential Energy-Efficiency Tax Credit (IRC Sec. 25C)
 - 10% of costs for qualified improvements with \$500 cap
 - Included corrected roofing language!
 - Energy Efficient New Home Tax Credit (IRC Sec. 45L)
 - \$2,000 credit per home for builders
 - Homes qualify if they reduce heating/cooling consumption 50%
 - Commercial Building Tax Deduction (IRC Sec. 179D)
 - \$1.80 per sq. ft. for 50% savings above ASHRAE 90.1-2007



Extinguishing the Regulatory Fire by Cutting Regulations

- **White House + Congress = Multiple Options**
 - **Rescind Executive Orders/Issue Executive Orders**
 - EO 13771 & 13777
 - **Fill Vacant “Scalia Seat” on Supreme Court**
 - Fill seats on the 12 Federal Circuit Courts (the Appeals Courts)
 - **Select Pro-Business Nominees for Agencies**
 - Fill vacancies at the NLRB and independent agencies
 - **Use spending bills to defund certain regs for a year**
 - **Use the Congressional Review Act to repeal regs**

Administration Whiffs on OSHA Silica Rule

- OSHA's Occupational Exposure to Crystalline Silica Rule
 - June 23, 2017 enforcement date for construction
 - June 23, 2018 enforcement date for manufacturing
- OSHA delays construction date from June 23 to Sept. 23
 - Construction Industry Safety Coalition seeks settlement negotiations
 - Rebuffed by DOL/OSHA with 30-day de facto enforcement moratorium
- Oral arguments Sept. 26 before DC Federal Appeals Court
 - 30 industry plaintiffs including the Nat'l Assn of Manufacturers
- What's up with Sec. Acosta?



Workforce Issues

- With unemployment currently at 4.2%:
 - Administration will push a \$1 trillion infrastructure program;
 - But NAHB says there are 200,000 unfilled construction jobs now!
 - Exacerbated by Hurricanes Harvey and Irma
- President Trump issues EO 13801 on June 15, 2017
 - “Expanding Apprenticeships in America”
 - Task Force on Apprenticeship Expansion named Oct. 16
- But a lesser-skilled guest-worker program will be needed
 - Sen. Ron Johnson (R-WI) introduces the State Sponsored Visa Pilot Program Act of 2017 (S. 1040)

Final Grades to be given Nov. 6, 2018

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- All 435 House seats
 - 34 seats in the U.S. Senate
 - 25 seats held by Democrats
 - 9 seats held by Republicans
 - VA Gov's race an indicator?

Questions?

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