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NRCA's 10@10

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The second session of the 111th Congress gets underway when the House convenes on Jan. 12, with the Senate expected to follow on Jan 19. Lawmakers face a long list of legislative issues on the agenda for the year ahead, many of which will impact the roofing industry, starting with efforts to pass a final health reform bill. If you have questions or comments regarding the issues discussed below, please contact NRCA's Duane Musser at (202) 546-7584 or dmusser@nrca.net.

Health Care Reform

After Senate approval of a comprehensive health reform bill Dec. 24 on a narrow 60-39 vote, Democratic leaders and the White House have begun efforts aimed at reconciling House and Senate versions of the bill. It appears that lawmakers will eschew a formal conference committee and instead negotiate a final bill behind closed doors. While differences between the House and Senate bills are vast, President Obama is pushing Congress to deliver a final bill for him to sign in time for his State of the Union Address, expected to take place in early February. The final bill is expected to be closer to the Senate version on most major components in order to be able to retain the support of all 60 Democratic Senators on final passage. For example, the final product is not expected to include a government-run "public option" health plan, as contained in the House-passed legislation. Instead, it appears likely it will contain the Senate's proposal to establish two national, private insurance policies under the oversight of the U.S. Office of Personnel Management.

Construction Industry Exclusion

The Senate health reform bill exempts small businesses with fewer than 50 employees from the requirement that employers must offer government-approved health care benefits to employees or pay a penalty. However, a provision by Sen. Jeff Merkley (D-Or.) inserted in the bill at the last minute provides that the "employer mandate" applies to any employer in the construction industry with 5 or more employees. Construction is the only industry singled out from the small business exemption. NRCA is helping lead a coalition of construction associations who strongly oppose the Merkley proposal to ensure the provision is not retained in any final health reform bill. Capitol Hill sources indicate that most Democratic Senators were unaware of the construction industry exclusion provision when they voted to approve the manager's amendment on Dec. 21. Sources also indicate the backlash against the provision has been so strong that Sen. Merkley apparently is backing off his support for his own proposal.

ROOFPAC Events at NRCA Convention/International Roofing Expo

ROOFPAC is planning a fabulous silent auction at NRCA's Convention/IRE on Feb. 22 and 23, 2010. By bidding on exciting items at the auction, you can help make ROOFPAC stronger than ever. There will be jewelry, electronics, trips and more to bid on! Be sure to stop by booth 2834 to put in your bids and support ROOFPAC! Also, ROOFPAC will host an exciting sporting clays tournament on Sunday afternoon, Feb. 21, and all members are encouraged to participate (limited to 55). Please contact NRCA's Bethany Field for more information at bfield@nrca.net.

Estate Tax Reform

After the House passed legislation to establish a permanent estate tax rate of 45 percent and an exemption of \$3.5 million (not indexed for inflation), NRCA joined the Family Business Estate Tax Coalition in sending a letter to Senate leaders in support of an alternative estate tax proposal by Senators Blanche Lincoln (D-Ark.) and Jon Kyl (R-Az.). The Lincoln/Kyl proposal would provide a permanent estate tax rate of 35 percent with a \$5 million exemption (indexed for inflation). However, the Senate failed to take action before the end of 2009, and thus under current law the estate tax was eliminated for one year beginning Jan. 1, 2010, and is scheduled to return in 2011 at a rate of 55 percent, with a \$1 million exemption. It is unclear when the Senate will take up estate tax legislation, but may do so early this year.

“Job Creation” Legislation

Shortly before adjourning, the House passed the “Jobs for Main Street Act” aimed at addressing the nation's double digit unemployment rate by expediting job creation. The bill contains \$75 billion in “targeted investments for highway and transit, school renovation, hiring teachers, police and firefighters, small business, job training and affordable housing.” This includes \$4.1 billion in “school renovation grants,” \$1 billion to rehabilitate rental homes for low-income households, and \$1 billion for repairs and rehabilitation of public housing. The bill does not contain any business-related tax provisions, but the House may take up legislation early this year that contains tax provisions aimed at helping businesses make it through the economic downturn.

Building STAR

NRCA is working with a coalition of construction associations, labor unions, and environmental groups on the development of “Building STAR,” a “short-term program of rebates and tax incentives aimed at creating new jobs through energy-efficiency upgrades to commercial and multi-family buildings.” Under this proposal, building owners would receive rebates from the federal government for a portion of the cost of installing energy-efficient equipment, materials, products or services during 2010. With respect to roofing, the proposal would provide a rebate of \$0.80 per square foot for retrofits that achieve R-values significantly higher than required by building codes through increased levels of insulation installed above deck. Building STAR may be included in a new “job creation” bill expected to be taken up by the Senate early this year.

Home STAR

In Dec., President Obama proposed a new “Home STAR” program designed to increase residential energy-efficiency as part of a broader plan to stimulate new job growth. One component of Home STAR would provide a matching payment of up to \$4,000 to a homeowner for qualifying energy-efficient upgrades that are installed according to a set of basic quality standards. According to a memo from the President's Economic Recovery Advisory Board,

qualifying measures include “white insulating roofs, wall insulation, air sealing, weatherization, duct sealing, lighting and other energy efficiency measures.” The details of any Home STAR program will have to be written by Congress. The House did not include any version of Home STAR in its “Jobs for Main Street Act” passed in Dec., but could include such a program in future legislation. Also, the Home STAR concept is reportedly under consideration for inclusion in “job creation” legislation expected to be considered soon by the Senate.

Immigration Reform

In Dec., a group of House Democrats, led by Rep. Luis Gutierrez (D-Ill.), introduced a comprehensive immigration reform bill that may be the starting point for debate in the House. NRCA and other business groups have serious concerns because the new guest worker program contained in the bill to allow workers to come to the U.S. on a temporarily, legal basis would be governed by a government commission rather than market forces. Despite the interest of some Democrats in passing immigration reform, sources indicate the House is unlikely to move on this issue in order to shield politically vulnerable members from taking a difficult vote in an election year. A senior House Democratic staffer was recently quoted (anonymously) in *Roll Call* as saying “If we’re dumb enough to put immigration on the floor (in 2010), I’m calling a headhunter.” In the Senate, Sen. Charles Schumer (D-N.Y.) continues working with business, labor and other groups to develop a comprehensive immigration bill that he hopes to introduce this spring.

Debt limit

Just before Christmas, Congress passed legislation to provide a \$290 billion increase in the \$12.1 trillion limit on the national debt. This short-term measure is expected to last for two months before the debt-limit must be raised again, thus forcing Congress to revisit the issue in February. The short-term extension passed after congressional leaders could not get the votes for their original proposal – a \$1.8 trillion increase designed to last through 2010 (and conveniently beyond the November mid-term elections) – due to opposition from Democrats and Republicans who would not vote for a year-long debt limit increase unless the Senate also voted to create a special commission aimed at addressing the country’s long-term fiscal problems. As a result, Democratic leaders scrapped their original proposal in favor of the short-term fix so negotiations over the commission idea can continue.

Climate Change

After the failure of the U.N. Climate Change conference in Copenhagen to agree to a binding international treaty to limit greenhouse gas emissions (GHGs), the prospects for passage of a comprehensive climate change bill this year appear to be dimming. Until an agreement is reached in which China, India and other nations agree to binding limits on GHG emissions, supporters of climate change legislation are unlikely to convince Senators with heavy manufacturing in their states to commit the U.S. to reducing emissions on its own. Nevertheless, Senators John Kerry (D-Mass.), Lindsey Graham (R-S.C.) and Joe Lieberman (I-Conn.) continue efforts to develop a bill that can garner broad bipartisan support in the Senate. Sources indicate that a compromise bill may modify or even scrap a “cap-and-trade” program in favor of other ways of reducing GHG emissions, as well as contain incentives to boost nuclear energy production and drilling for domestic oil and gas in order to pick up Republican votes.