



May 17, 2023

The Honorable Ron Wyden  
Chairman  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Mike Crapo  
Ranking Member  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Chairman Wyden, Ranking Member Crapo and Members of the U.S. Senate Committee on Finance:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 68 chapters representing more than 22,000 member companies, I appreciate the opportunity to comment on the committee's May 18, 2023, hearing, "Tax Incentives in the Inflation Reduction Act: Jobs and Investment in Energy Communities." ABC remains concerned that the enacted energy tax credits include burdensome and discriminatory prevailing wage and apprenticeship requirements that will limit opportunities for many construction apprentices in nonregistered programs. These requirements will also place a strain on developers and contractors grappling with a shortage of more than 500,000 workers in the construction industry in 2023 alone.

As Sen. Crapo noted in a May 2021 committee hearing, "Linking labor policy to energy-related tax credits is unprecedented, and I have concerns not only about the policy, but also about the dangerous precedent it sets for amending the tax code." Now that these tax provisions are going into effect, we expect to fully realize the burden of the new requirements on the construction industry soon.

Critically for ABC and the construction industry, this bill penalizes employers that believe in fair and open competition and pay wages based on experience, quality and market rates and limits opportunities for thousands of construction workers and industry-recognized apprentices. It provides increased tax credits for private employers that comply with Davis-Bacon prevailing wage requirements and government-registered apprenticeship labor-hour quotas ranging from 12.5% to 15% of total labor hours, depending on the year of qualifying construction projects. This is an unprecedented expansion of Davis-Bacon and government-registered apprenticeship requirements on private construction projects.

Also concerning to the construction industry is the Biden administration's pursuit of 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.

Further, the government-registered apprenticeship system is woefully inadequate to meet the increased demand for construction workers generated by these tax incentives. According to ABC's analysis of recently released U.S. Department of Labor data, it would take 12 years for all government-registered apprenticeship programs to educate the more than half a million workers the construction industry needs to hire this year.

ABC estimates that the construction industry's federal and state registered system yielded just 45,000 completers of four-to-five-year apprenticeship programs in 2022, and just 250,000 apprentices were enrolled in all construction industry registered apprenticeship programs.

As the construction industry continues to face supply chain delays, high materials and gas prices, workforce shortages and an overly burdensome regulatory environment, ABC believes that the anti-competitive policies included in the IRA will continue to handicap open shop construction contractors and jeopardize the nation's energy projects at this critical time.

To effectively unleash America's energy potential and build the necessary infrastructure to support the IRA's clean energy goals, we must award construction projects through fair and open competition from all of America's construction contractors and allow our entire qualified workforce to participate in these projects across the country.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristen Swearingen". The signature is fluid and cursive, with the first name "Kristen" being more prominent than the last name "Swearingen".

Kristen Swearingen  
Vice President, Legislative & Political Affairs