



**Independent Electrical Contractors**  
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August 4, 2022

The Honorable Charles Schumer  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

Dear Speaker Pelosi and Leaders Schumer, McConnell, McCarthy:

On behalf of the Independent Electrical Contractors (IEC), I am writing to express our opposition to the *Inflation Reduction Act of 2022* due to the unprecedented prevailing wage and apprenticeship requirements for clean energy projects included in the bill. Utilizing the tax code to reward unionized contractors at the expense of contractors with employees that choose not to join a union is anticompetitive and inflationary and I urge you to reject this misguided piece of legislation.

Established in 1957, Independent Electrical Contractors is a trade association representing 3,300 members with more than 50 chapters and training centers nationwide. Headquartered in Arlington, Va., IEC is the nation's premier trade association representing America's independent electrical and systems contractors. IEC National aggressively works with the industry to establish a competitive environment for the merit shop—a philosophy that promotes the concept of free enterprise, open competition, and economic opportunity for all.

As crafted, the *Inflation Reduction Act of 2022* would require construction contractors and subcontractors to pay its workers Davis-Bacon prevailing wage rates in order for taxpayers to receive a “bonus” rate on certain clean energy projects. Currently, such a wage requirement is largely imposed on companies that obtain construction contracts with the federal government. Forcing these burdensome and complicated wage rules on private sector projects would place small contractors at a competitive disadvantage as they are less likely to possess the resources and expertise necessary to comply. In addition, the costs incurred by these prevailing wage requirements would further negate the incentive itself. As a result, this provision would ultimately limit competition, increase costs, and offset much of the tax incentive thereby reducing the number of businesses that ultimately pursue it.

The bill also includes a new, unprecedented tax structure based on the type of labor used by a contractor for purposes of obtaining this bonus rate. To receive the more generous incentive, the taxpayer must also ensure that no fewer than the applicable percentage of total labor hours are performed by registered apprentices. In addition, each contractor and subcontractor who employs 4 or

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more individuals to perform construction on an applicable project shall employ at least one qualified apprentice to perform such work.

While IEC is at the forefront of electrical apprenticeship, the well-documented workforce shortages persist, and our members continue to struggle to recruit qualified individuals to the industry. Consequently, the registered apprenticeship requirement will do nothing to address the current workforce shortages our members continue to face and will only exacerbate the situation by limiting their ability to work on these clean energy projects.

Due to the unprecedented and discriminatory prevailing wage and apprenticeship requirements included in the *Inflation Reduction Act of 2022*, IEC urges you to vote 'NO' on this misguided legislation.

Sincerely,

Jason E. Todd  
Vice President, Government Affairs