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Volume 9, Issue 4

**2014 General Meeting Dates**

*Mark your Calendar!*

\*dates & topics are subject to change.

**April 3, 2014**

**6 pm Social Gathering**

Latitude 40 - Robertson Town Center  
"Access Bar" 2<sup>nd</sup> floor  
More info inside.

**April 10, 2014**

OSHA and the Contractor  
Tambellini's, Bridgeville

**May 8, 2014**

Fleet Mgmt/Electronic Form  
Solutions  
DoubleTree, Meadowlands

**August 14, 2014**

Golf Outing  
Lone Pine Golf Club

**September 11, 2014**

TBA  
Peter's Place, Bridgeville

**September 17, 2014**

Community Service Project

**October 9, 2014**

Collecting Bad Debt  
Tambellini's, Bridgeville

**November 13, 2014**

Employee Drug Testing  
TBA



**Lawsuit Challenging**

**New Settlement Would End Lawsuit Challenging Residential Furnace/AC Rules**

A motion filed today in the U.S. District Court of Appeals for the DC Circuit could finally settle the ongoing legal battle over the Department of Energy's (DOE) 2011 rule setting new minimum energy conservation standards for a variety of residential HVAC products, including regional standards for furnaces and central air conditioners.

ACCA has created a detailed explanation of the settlement proposal and its impact on contractors. That document is available to download at [www.acca.org](http://www.acca.org) by ACCA members only (login required).

ACCA was one of several parties of record in this case challenging the new standards and the short cut process by which they were set. This settlement motion expands on a similar settlement filed in January 2013 that was never accepted by the Court.

"It is our hope that the Court will expeditiously accept this settlement to end this prolonged legal challenge," said Paul T. Stalknecht, ACCA president & CEO. "The settlement vindicates ACCA's concerns about the DOE requiring condensing furnaces without regard for potential impact on homeowners. We are also pleased to see that our comments aren't likely to be overlooked in any future rulemakings. Now the industry can move forward to develop an enforcement plan for the regional standards on split system and single package central air conditioners."

**Under the terms of the proposed settlement:**

- Regional standards for non-weatherized natural gas and mobile home furnace are rescinded.
- The DOE has two years to rewrite standards for non-weatherized natural gas and mobile home furnaces.
- Pending regional standards for central air conditioners still go into effect on January 1, 2015.
- 13 SEER central air conditioners manufactured before January 1, 2015, may be installed in South and Southwest regions during an 18 month grace period ending July 1, 2016.
- The DOE will initiate stakeholder-led negotiated rulemaking on enforcement for regional standards for central air conditioners.
- The DOE will initiate a rulemaking to clarify the expedited standard setting process known as the Direct Final Rule.
- Should the Court accept the settlement motion, the legal challenge would end and the HVAC industry can prepare for the implementation of new standards that go into effect on January 1, 2015.

It could take up to a month for the Court to issue an order accepting the settlement. ACCA will notify you when the Court has accepted or rejected the settlement agreement.

You can download a copy of the proposed settlement agreement here.  
<http://www.acca.org/wp-content/uploads/2014/03/joint-motion-to-vacate-and-remand-2014-to-file.pdf>

If you have questions about this new settlement agreement, email Charlie McCrudden at [charlie.mccrudden@acca.org](mailto:charlie.mccrudden@acca.org) or call 703-824-8841.

## DOE Tax Reform Plan

### DOA Tax Reform Plan Would Allow Expensing Of Commercial HVAC Equipment

February 28, 2014 • By Charlie McCrudden

After 30 hearings, 11 bipartisan working groups, three discussion drafts, and more than 14,000 comments, on February 26, 2014, the House Ways and Means Committee released the Tax Reform Act of 2014 to tackle the ambitious goal of comprehensive tax reform. Much of Washington spent the next two days reading the massive document.

If successful, committee Chairman Dave Camp's effort would be the first serious top-to-bottom rewrite of the tax code since 1986. The Tax Reform Act of 2014 is nearly 1,000 pages of legislation text that spares no sacred cows.

There are thousands of changes to the tax code, but one of the most significant is the plan would simplify the code to two income brackets (10% and 25%) and increase the standard deduction for individuals. It would also lower tax rates for small businesses to a maximum 25% rate, expand the use of cash accounting, and simplify the rules of S corps.

But this tax reform plan would also repeal or dramatically cut many popular tax incentives that are used by individuals, small businesses, and big businesses.

For example, the mortgage interest deduction that makes home buying an affordable proposal would be eliminated going forward.

Many of the tax incentives that benefit HVACR contractors or their customers were also put on the chopping block. The 25C residential energy tax credit that homeowners can use to offset the cost of highly efficient HVAC or hot water appliances would be gone. The 25D renewable energy tax credit for the purchase of a geothermal heat pump system would also be abolished, even though it is authorized through 2016.

Expanded expensing allowances and bonus depreciation that help when buying and writing off new trucks or computer equipment would be continued, but at a lower rate than currently available.

However, one provision would benefit commercial building owners and could possibly be a game changer for the HVACR industry as a whole.

Section 3111 of the bill addresses the expensing of certain assets for small businesses in Section 179. Currently, commercial HVAC equipment does not qualify for expensing or bonus depreciation, as do most tangible real estate improvements. The Camp proposal would change that to allow a small business owner the ability to expense HVAC equipment (but not other real estate improvements), up to \$250,000 in the year it is placed into service.

For years the industry has argued that the depreciation schedule of 39 years is unrealistic and does nothing to convince a commercial building owner to make the investment in new high efficiency system. Indeed, the expected life span of a properly installed and maintained system is about 20-25 years. ACCA and other organizations argued for a depreciation schedule that more closely matched the expected life to bring it more in line with reality. But the losses in revenue due to the larger write off have always cut these proposals short.

By allowing building owners to expense a new chiller or other major HVAC investment (instead of using depreciation) would certainly increase interest in new higher efficiency systems. There is a lot of pent up demand for energy saving equipment when more than half of a building's energy use is tied to the HVAC system.

Unfortunately, the Tax Reform Act of 2014 is basically dead on arrival. The critics began attacking it before it was officially released, mostly because it didn't pull any punches. Nonetheless, it's a live bill and some parts may be cherry picked if Congress sees the need to move a smaller tax reform bill.

## Message from the President

### America Jobs for America's Heros

The Returning Heroes Tax Credit provides up to \$5,600 to employers for each veteran hired who either has received food stamps for three months in the past 15 months, OR has been unemployed for at least four weeks in the past year.

Now, this new free publication prepared for the campaign by Caplin & Drysdale provides a clear and concise understanding along with step-by-step guidance. It even includes links to the required IRS and DOL forms employers need to submit. Whereas most media articles generalize and leave out key eligibility and filing details, this guide includes what you need to know to decide if your company is eligible and how to file.

- Returning Heroes Tax Credit
- Wounded Warrior Tax Credit
- Activated Military Reservist Credit for Small Businesses
- Federal Empowerment Zone Employment Credit

Visit <http://www.centerforamerica.org> for more details.

### SmartWords You Must Remember

*"Don't miss your **actual** life by falling into the black hole of a **virtual** (digital) one."*

— David Humes

## Product Spotlight

### Mastering Core Service

Learn how to successfully take and pass the NATE Service Core Exam – the fundamentals to general, construction and HVACR-specific knowledge required for certification.

To learn more about this and other tools ACCA has to offer, visit: [www.acca.org/store](http://www.acca.org/store).

## Contractors Start 2014 feeling positive!

### Smartphone Security

By now, most of us know when surfing the web that we shouldn't click on random ads promising us new ways to lose weight without dieting, or to click on links about the "shocking" pictures some friend supposedly found of us online. That is, we know not to do those things from our computers -- hackers and cybercriminals know this too. That's why they're targeting our smartphones.

Smartphone users -- don't worry! **Check out four simple ways to prevent your smartphone from becoming the victim of a hacker.**

[http://www.moneytalksnews.com/2014/01/27/4-ways-to-keep-your-smartphone-from-getting-hacked/?utm\\_source=newsletter&utm\\_campaign=email-2014-01-27&utm\\_medium=email](http://www.moneytalksnews.com/2014/01/27/4-ways-to-keep-your-smartphone-from-getting-hacked/?utm_source=newsletter&utm_campaign=email-2014-01-27&utm_medium=email)

## Federated Insurance

### *Federated Insurance* *Helps You Manage Employment- Related Risks*



Insurance has introduced the new **Federated Employment Practices Network (FEPN)**.

Available to all Federated clients, this new service was created to help employers manage human resource issues, government regulations, and employment law changes. It also offers a variety of benefits -- including an employee handbook builder tool, online supervisor and employee training, sample forms and policies, and much more!

Clients who carry Employment-Related Practices Liability (ERPL) coverage through Federated receive Unlimited access to independent employment law attorneys.

For more info about this valuable new service, **Federated has posted a brief video to their site** -- you're also invited to visit their web site [www.FederatedInsurance.com](http://www.FederatedInsurance.com).

## I Wonder if ACCA Has That for Me?

Does ACCA offer webinars exclusively for their members?

As needed, ACCA offers "Hot Topics" webinars that cover breaking news or items of burning importance to the HVACR industry.

Members may participate in "Hot Topics" at no charge, and as soon as possible after the webinars are held, we then make the recordings available for viewing online.

To learn more about ACCA's upcoming "Hot Topics" webinars visit [www.acca.org/members](http://www.acca.org/members).

## ACCA New Website

### **Have you checked out the brand new ACCA web site?**

Wow ... it is fantastic!

Over the past two years, the ACCA National Board -- made up entirely of volunteer contractors -- has been consumed with a desire to improve ACCA's membership program, to live up to the goal of making life better for contractors.

Based on real feedback from real contractors -- the new ACCA web site features a brand new **Member Service Center** that includes an easy-to-navigate collection of incredible resources.

Everything at the new Member Service Center is designed to offer practical tips and guidance that will help contractors operate a more profitable businesses. An example of this would be the technical training videos to use as part of your in-house training program, as well as management seminars for improving your business and personal leadership skills.

One of the many new resources included is access to hundreds of hours of online video training that used to cost contractors an additional \$1,200 a year -- it is now included with ACCA membership at no additional cost!

Be sure to **check out the new ACCA web site today!**

**WWW.ACCA.ORG**