President Obama Wins 2\textsuperscript{nd} Term

- Wins 332 electoral votes to Romney’s 206
  - Only the third president to be reelected with fewer electoral votes
  - The other two being Madison and Wilson

Total votes for presidential candidates down from 2008

- 125,000,000 vs. 131,000,000
  - Obama got 5 million fewer votes than in 2008
    - Only the second president to be reelected with fewer popular votes
      - The other being Jackson
    - Romney got only 500,000 more votes than John McCain

Obama wins popular vote 51\% - 48\%

- Ohio by 2\%
- Virginia by 3\%
- Florida by 1\%
Congressional Results

U.S. Senate – Democrats Keep Control
- Net 2 seats (win ME, IN, MA; lose NE) for 55-45 majority
- Sen. Harry Reid (D-NV) remains Majority Leader
  - Changed rules on filibusters
- Sen. Mitch McConnell (R-KY) remains Minority Leader
  - Up for reelection in 2014
- Sen. Ron Wyden (D-OR) will chair Energy Committee

U.S. House – Republicans Keep Control
- Lost 8 seats for 234 – 201 majority
- Rep. John Boehner (R-OH) remains Speaker
- Rep. Reid Ribble (R-WI) reelected
- Rep. Paul Ryan (R-WI) reelected
2012 Lame Duck Session’s To-Do List

Address the “Fiscal Cliff”
- Bush-era expiring tax rates included:
  - Marginal rates
  - Capital Gains and Dividend rates
  - Marriage Penalty and Child Tax Credit
  - Estate Tax Reform ($5m exemption/35% rate)

Address other expiring provisions:
- One-year “patch” expired on Alternative Minimum Tax
- 2% Social Security payroll tax cut for employees expired
- 60+ Tax Credits (“Extenders”) that expired at the end of 2011
- “Doc Fix” for Medicare physician payments

Plus:
- Budget Sequestration hits Dept. of Defense
- Another U.S. debt-limit increase on the horizon
- CR only keeps government running until March 27
American Taxpayer Relief Act of 2012 - Highlights:

- Individual tax rates permanently extended up to thresholds of $400,000 ($450,000 for couples), above which marginal rates increase from 35% to 39.6% and capital gains/dividend rates from 15% to 20%.
- Permanent “patch” to the Alternative Minimum Tax.
- Estate tax increase to 40%, but $5.12m exemption maintained.
- Increase in Sec. 179 small business expensing amounts ($500,000/$2m threshold limits).
- Extension of 50% bonus depreciation (20-years or less).
- Extension of the research and development tax credit.
- Extension of the homeowner energy-efficiency tax credit (25C).
- Extension of the energy-efficient new home tax credit (45L).
- Extension of the 15-year depreciation schedule for qualified leasehold improvements, restaurant buildings/improvements, and retail improvements.
Election Results = More Regs

EPA considering over 200 major rules
- Greenhouse gas (GHG) regs could bring construction to a halt

NLRB pro-union rulings

DOL Actions
- Office of Fed. Contract Compliance Programs disabled quota

OSHA Activity
- MSD Reporting Rule
- Crystalline Silica Rule
- Illness and Injury Protection Program (I2P2)
Affordable Care Act Taxes & Regs

Here comes the first round of taxes
- In 2013, 0.9% surtax on top of 2.9% Medicare tax
- 3.8% surcharge on investment income
- 2.3% tax on manufacturers/importers of medical devices
- Eliminate deduction for Medicare Part D employer subsidy
- Health Insurance Tax (HIT) on fully-insured market (2014)
- $500 million shifted from HHS to IRS for enforcement

Major Components of ACA on Horizon
- Employer Mandate and Penalties (2014)
- Individual Mandate and Penalties (2014)
- State Health Insurance Exchanges (2014)
  - HHS list of essential health benefits
  - Trimming Medicare payments to providers
Small Biz Blues

Over the next 12 months, a record 21% of small businesses said they plan to cut jobs

Source: Wells Fargo/Gallup small business survey
Whither Energy-Efficiency Tax Provisions?

Future of Energy Tax Credits/Deductions in Doubt
- Could be swapped for lower corporate tax rate

45L – Energy-Efficient New Home Tax Credit
- Extended through 2013 by fiscal cliff legislation
- $2,000 credit per home for builders
- Homes qualify if they reduce cooling/heating consumption 50%

25C – Homeowner Energy-Efficiency Tax Credit
- Extended through 2013 by fiscal cliff legislation
- For 2009-10 was 30% of qualified improvements with $1,500 cap
- For 2011-13, pre-stimulus levels of 10% with a $500 cap
Commercial Building Tax Deduction (CBTD)

CBTD (179D) enacted in Energy Policy Act of 2005
- Provides owner with deduction up to $1.80 per square foot
- Deduction based on building floor area
- Must achieve 50% energy savings above ASHRAE 90.1-2001 level

Pro-rated for buildings below 50% of ASHRAE 90.1-2001
- $.60 per sq. ft. for either of three subsystems that meet energy savings targets of 20-20-10% or 25-15-10%:
  - Energy Efficient Lighting Property
  - Energy Efficient Heating, Cooling, Ventilation and Hot Water Property
  - Energy Efficient Building Envelope Property

CBTD in place through 2013
- White House Better Buildings Initiative would change to a tax credit
- Treasury working with DOE to streamline deduction-claim process
- Treasury revised guidance for subsystem targets Feb. 23, 2012
ESIC Act of 2011, S 1000

Energy Savings and Industrial Competitiveness Act
- Introduced by Sens. Shaheen (D-NH) and Portman (R-OH)
- Approved 7/14/11 in Energy Committee by 18–3 bipartisan vote

Goals attained through Nat’l Model Bldg Energy Codes
- Building energy-efficiency targets proposed by Energy Sec.
- Coordinated with ICC & ASHRAE; targets subject to rulemaking
- Rulemakings subject to SBREFA
- “Technologically feasible” threshold factored into process
- “Economically feasible” factor includes ROI analysis
- Energy Sec. must disclose methodology for energy savings
- States would have 2 years to certify reviews/uploads of energy provisions in their building codes
Other Issues & The Next Election

Tax Reform - Maybe

Regulatory Reform - No

Immigration Reform – Good Possibility

The Next Election or “The Six-Year Itch”
- Mid-term election during second presidential term
- Nov. 4, 2014
- All 435 seats in the U.S. House
- 33 seats in the U.S. Senate
  - 20 seats held by Democrats
  - 13 seats held by Republicans
Questions?

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