Tax Reform Bill a Mixed Bag for HVACR Contractors

Arlington, VA November 2, 2017 – The Air Conditioning Contractors of America (ACCA) released the following statement regarding the Tax Cuts and Jobs Act that was introduced in the U.S. House of Representatives.

Bart James, ACCA Senior Vice President of Government Relations said, “Contractors should be pleased with some of the business-friendly tax proposals announced in the House of Representatives today, but there remains work to be done in support of America’s HVAC contractors. Several of ACCA’s legislative priorities are being incorporated in this tax reform package, including provisions of the HEAT Act and a repeal of the estate tax. However, ACCA continues to fight for a lower pass-through rate than the proposed 25 percent and for the inclusion of the geothermal tax credit.”

Dan Weis, Chairman of ACCA Government Relations Committee and Vice-President of Weis Comfort Systems said, “Unfortunately, in its current form this bill leaves too many ACCA members behind when it comes to the pass-through rate. This legislation will result in higher taxes for many pass through businesses because it would the treat income of hundreds of thousands of pass through businesses as wages and subject them to rates nearly 20 percent higher than the rate applied to corporate profits. ACCA members, and the entire small business community, are the true drivers of our U.S. economy. The final tax reform proposal must provide substantial relief for small business - not just corporate America. We look forward to working with Congress to ensure we have a final product America’s HVACR Contractors can be proud to support, one that will truly drive job creation.”

Highlights from the Tax Cuts and Jobs Act Include:

- HEAT Act Provisions - 100% immediate expensing from September 27, 2017 to January 1, 2023;
- Rate on pass-through entities (S-Corps, LLCs and sole proprietorships) reduced to 25%; not all income will qualify for the reduced rate;
- New tax brackets for individuals (12%, 25%, 35%, and 39.6%);
- Repeal of corporate and individual AMT;
- Estate Tax phased out and eliminated in 2024;
- State and local tax deduction (SALT) - taxpayers may continue to deduct property taxes up to $10,000 (not other state and local taxes);
Mortgage interest deduction unchanged for existing homeowners; newly purchased homes get a deduction for the first $500,000 of the financed cost and no deduction for second homes;

No changes to pre-tax contributions to 401(k) plans.

For more information, please contact ACCA’s Director of Industry and External Relations, Todd Washam, at todd.washam@acca.org or 703-824-8864.

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About ACCA
The Air Conditioning Contractors of America, is the nation’s premier trade association for heating, ventilation, air conditioning, and refrigeration contractors. ACCA’s member companies provide quality service in heating, air conditioning, refrigeration, building and home performance, solar, hydronics, and plumbing. ACCA has created the nationally-recognized and industry-endorsed standards needed to ensure HVACR systems are properly installed and maintained. Learn more at [www.acca.org](http://www.acca.org).