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Comment from Yencarelli, David

Posted by the **Internal Revenue Service** on Oct 31, 2023

[Docket \(/docket/IRS-2023-0042\)](/docket/IRS-2023-0042) / [Document \(IRS-2023-0042-0001\) \(/document/IRS-2023-0042-0001\)](/document/IRS-2023-0042-0001)
/ [Comment](#)

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Government-mandated PLAs would drastically decrease the value of the IRA's tax credits. They needlessly increase the cost of construction by 12% to 20% and steal up to 34% of wages from the few nonunion workers allowed to work on a PLA jobsite.

Most PLAs require that nonunion companies must obtain most or all employees from union hiring halls. This means our company could not use most or all of our existing employees whose safety, training, productivity and quality is already quantified. This provision excludes more than 88% of the U.S. construction workforce from working on IRA clean energy construction projects because they choose not to belong to a union.

Additionally, PLAs often require that all apprentices on the project come from union-affiliated GRAPs. This means our future workers enrolled in qualified GRAPs will be excluded from working on IRA projects that require PLAs simply because the GRAP is not affiliated with a union.

PLAs force nonunion construction workers to accept union representation and even pay union dues and fees or join a union as a condition of employment. Employees lose the right to freely choose whether affiliating with a union is right for them, because this decision is made by their employer.

The proposed rule's estimate of the regulatory cost of this rulemaking to my business is not accurate and exposes the government's lack of understanding of the added costs imposed by regulation on the construction industry. The proposal's erroneous regulatory cost estimate assumes affected firms will need

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two hours annually to display prevailing wage rates and request apprentices. It will take my company much longer than two hours to implement the proposed rule on any projects receiving the IRA tax credit.

It has already taken me 20+ hours to read and understand the proposed rule and has required multiple people across my company to read and interpret the rule and seek legal advice. Once finalized, the rule will require additional time to read, review and operationalize the new regulations into our payroll, compliance and work practices.

This proposed rule would have significant negative impacts on my business, the construction industry as a whole, clean energy production, and taxpayers. The proposed rule would further increase costs and compliance burdens for the construction industry that is building clean energy projects at a time when we are facing an industrywide workforce shortage of 540,000 in 2023 alone.

For the reasons outlined above, I strongly request that the IRS reconsider aspects of this proposed rule that will cause increased costs, project delays and continuing confusion among the regulated community. The IRS must instead promote clear, consistent rules that welcome competition from the entire construction industry on important clean energy infrastructure projects.

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