After Three Weeks of Uncertainty, the House Elected a New Speaker with No Announced Plans to Work on Business Issues

Congress has had an interesting October. Following a vote to keep the government from shutting down over the last weekend in September, Congressman Matt Gaetz (R-FL) filed a motion to vacate the Office of the Speaker of the House of Representatives. Rep. Gaetz, seven Republican colleagues, and the entire Democratic Caucus voted to remove Speaker McCarthy as head of the chamber. Since then, 14 Republicans have run for Speaker, and Republicans chose four to be their speaker nominees. Majority Leader Steve Scalise (R-LA) and Majority Whip Tom Emmer (R-MN) never made it to a floor vote before dropping out due to a lack of support from their conservative colleagues, and Congressman Jim Jordan never received enough votes on the floor to be elected Speaker because he was considered too radical by a growing number of moderates with each vote.

After 22 days, Congressman Mike Johnson (R-LA), a relatively unknown member of Congress, gained unanimous support on the House floor from the Republican Conference to be the next Speaker of the House. Speaker Johnson outlined his plan for the remaining 14.5 months of the 118th Congress in a letter to colleagues announcing his candidacy. In the immediate, he is focusing on passing appropriations bills and negotiating with the White House and Senate on government spending. In addition, he plans to work on reauthorizing major programs like the Department of Defense, the Federal Aviation Administration, and USDA programs for farmers and those in need of food assistance. Unfortunately for businesses, nowhere in his two-page outline did he address the need for expired tax provisions or reduce the impact of regulations from the Executive branch.

Speaker Johnson is somewhat unknown to the business community because of his Armed Services and Judiciary Committee assignments. While he did vote in favor of the Tax Cuts and Jobs Act, a growing number of conservatives have expressed frustration with corporations, which could lead to policy decisions that negatively impact many small businesses. The uncertainty of the past three weeks will have a ripple effect on a possible end-of-year tax package and the future of tax policy until the business community has a chance to work more closely with the new Speaker.

Department of Energy Says Massive Investments Needed to Meet Clean Energy Goals

The Department of Energy (DOE) is already investing billions in grid improvements across the country, but according to a report by the Grid Deployment Office, the current grid will only meet about 1/3 of the energy needs to meet President Biden's clean energy goals. Primarily the grid needs greater transmission infrastructure to reduce congestion, more interregional transmission to supply more electricity, and significant differences in short-term and long-term needs.

This need to upgrade everything from local grids up to major interstate transmission lines offers an opportunity for NAED members who supply these materials. Meeting the growing demand for electric vehicles (EV) will require infrastructure at the home or business level, local grids supplying homes and businesses, regional infrastructure to supply and transmit the energy, and interregional transmission capacity to move energy from new transmission sources further from urban areas.

Unfortunately, the study also raises issues on getting projects approved by local jurisdictions and government agencies, unlike the federal interstate system, which sits solely under the jurisdiction of the Department of Transportation. The nation's power grid is split into multiple operators, local utilities, state and local jurisdictions, federal agencies, including DOE and the Federal Energy Regulatory Commission, and potentially foreign countries when power crosses international borders. Congress and the Administration are doing what they can to speed up the process, but years of bureaucracy are hard to unwind.

At the same time, DOE has plans to invest billions in new projects, while states are looking at their own investments to help spur private sector projects for power generation and end users of electricity. All creating opportunities for wholesale distribution.

Department of Labor has Released Proposed Overtime Rule for Salaried Workers

The US Department of Labor (DOL) has proposed changes to the white-collar exemptions to federal overtime pay requirements that could severely and negatively impact electrical wholesalers.

Currently, an employee must meet three criteria to qualify as "exempt" from overtime pay: first, they must be paid a salary; second, that salary must be more than $684/week ($35,568 annually); and third, their "primary duties" must be consistent with executive, administrative, or professional positions as defined by DOL.

DOL has proposed raising the minimum salary threshold to $1,158 per week ($60,209 annually) – an increase of nearly 70%. DOL is making this change despite the last increase occurring only four years ago. DOL also proposed automatically updating the minimum salary every three years.

This massive increase to the salary level, followed by automatic increases every three years, will harm wholesaler-distributors. Employers would be faced with crushing increases in labor and administrative costs, and the American people would see jumps in prices for goods and services as well as diminished customer service. At the same time, employers need to track nonexempt employees' hours, so employees who are reclassified from exempt to nonexempt could lose workplace flexibility, including the ability to work remotely, and workforce development opportunities, such as attending conferences or classes outside of normal work hours.

National Labor Relations Board Unveils New Joint Employer Standard

The National Labor Relations Board (NLRB) has reversed the Trump-era joint employer standards which helped to ensure employers are only liable for labor violations on workers they have actual control over. The new standard opens many employers up to potential violations by contracted entities. For example, a distributor may contract out janitorial services in their facilities to a third party, while the distributor has control over what and when cleaning activities are done by the firm, such as cleaning after the close of business, even though the distributor has no control over wages and benefits. Under this expanded standard a distributor could be liable because it sets, even indirectly, terms of employment by requiring the work to be done outside of business hours in this example.

For more information:

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