



NEMA

The Association of Electrical and Medical Imaging Manufacturers

ISSUES AND RECOMMENDATIONS 111th Congress

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KEY ISSUES AND RECOMMENDATIONS

NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION

ISSUE: Energy Policy and Climate Change

NEMA supports an energy policy that is comprehensive in scope and application. Energy policy must address energy efficiency and conservation, energy production and supply, energy transmission and distribution, as well as promotion of new technologies that promise greater efficiency and environmental protection. NEMA members are at all stages of the electrical energy process – from turbines and generators, to transformers and power cable, to lighting, motors, circuit breakers, and building controls at the consumer and end-user points.

Our society has arrived at the intersection of two energy eras. The forces of climate change and increasing fossil prices herald an imminent diversification from a carbon-based economy to a more balanced portfolio. The wind, sun, tides, and atom will propel an increasing share of our factories, homes, and vehicles (including plug-in electric vehicles), yet these new sources are alternatively less reliable and less flexible. Our electricity grid is the means by which these new sources will be delivered and will require technology to manage their characteristics. In addition, our homes and buildings are significant users of energy and lack utilization of today's off-the-shelf energy efficient appliances, building controls, and technologies.

Recommendations:

Energy Supply:

- Establish a predictable and long-term production tax credit (e.g., 8 years) for renewal sources of supply, and double federal funding for wind, solar, geothermal, and ocean R&D funding.
- Commit to and expand nuclear energy use.

Smart Grid/Electrical Transmission:

- Build transmission lines to connect renewable sources by providing a dedicated funding mechanism and accelerated federal siting authority.
- Fund and accelerate the Smart Grid Interoperability Framework provisions of the Energy Independence and Security Act of 2007 being implemented by the National Institute of Standards and Technology (NIST).
- Fund and implement energy storage and smart grid demonstration projects at the Department of Energy per EISA 2007.
- Fund and implement the 20 percent investment tax credit match for smart grid technologies that will assist manufacturers and utilities deploying the new technologies.
- Enact a 10-year accelerated depreciation for electric utility distribution equipment purchases.

- Change the “transmission facility” rate recovery language to include “renewable electricity connection facility” so that power electronics and high-voltage direct current technologies can be deployed to support renewable resources.

Energy Efficiency:

- Provide sufficient resources at the Department of Energy to ensure that energy-efficiency product standards for appliances and commercial equipment are promulgated in accordance with legislation.
- Increase the tax deduction to \$2.25 per square foot for energy-efficient Commercial Buildings that reduce energy consumption by 50% over the base building code (ASHRAE 90.1-2001).
- Provide incentives for states to enact and enforce energy building codes; and provide training and other assistance for state building codes.
- Fund the High Performance Green Building and Commercial Building Initiative provisions of EISA 2007 with an aim of increasing the efficiency of buildings by 50% by 2030.
- Increase funding for the Department of Energy’s solid state lighting (LEDs and OLEDs) research, development, and deployment program to the authorized level of \$50 million (section 912 of Energy Policy Act of 2005)

Climate Change:

- Incent the deployment of energy efficient technologies and products through Climate Change policy.
- Fund research, development, and deployment of advanced technologies to reduce greenhouse gas emissions.

ISSUE: Environmental Design and Stewardship

Electrical manufacturers have a long history of being proactive in removing and reducing the use of certain substances (such as lead, mercury, cadmium, etc.) in the design and manufacturing of products. The industry as a whole seeks to produce products that perform safely and are environmentally-friendly for national and global markets. As such, the industry announced in 2006 a voluntary commitment to achieve the elimination or reduction of various substances in electrical products by July 2010 on a global basis. The industry has underway a comprehensive evaluation to seek additional substance reduction targets or alternative stewardship measures for more electrical products by 2014.

Recommendation:

- Support federal legislation that would codify the industry's 2010 commitment by establishing a national standard for certain restricted substances in specified electrical products. This would provide for a level, competitive playing field for both domestically manufactured and imported products and prevent a patchwork of regulatory requirements.

ISSUE: Economic Stimulus and Recovery

With its approximately 430 member manufacturers, NEMA is a recognized leader in electrical smart grid, energy storage, and energy-efficient products and technologies utilized throughout the United States and the world. To pass meaningful and comprehensive legislation that will provide a stimulus to our economy, it is imperative that Congress provide incentives to promote clean and renewable energy as well as incentives for manufacturers of energy-efficient technologies. By providing such incentives, the manufacturers who employ thousands of U.S. citizens can continue to provide jobs as well as produce products that conserve energy.

Recommendations:

Some programs and incentives that Congress should adopt include:

- Smart grid demonstration projects
- Energy storage research and demonstration
- Energy sustainability and efficiency grants and loans
- Smart Grid Investment Matching Fund
- Funding for high performance federal buildings
- Accelerated depreciation for clean energy equipment investments
- Tax incentives for premium efficiency electric motors

ISSUE: Medical Imaging and Health Care Reform

A comprehensive approach to health care reform is vital to our long-term economic progress and future job growth. Rising health care costs are one of the biggest challenges facing manufacturers. Within NEMA, the association represents the manufacturers of medical imaging and therapy systems technologies. These technologies play a critical role in early diagnosis of disease, improving patient care and outcomes, keeping people healthy and productive, and in reducing overall health care costs.

Recommendations:

- The value of medical imaging technologies needs to be recognized and supported in any reform legislation.
- Implementation of Section 135 of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) related to appropriateness and accreditation to ensure medical imaging equipment used in outpatient settings are up-to-date and the staff performing exams are properly trained.
- Development of a national “comparative effectiveness” organization that is grounded in science is needed to maintain access to clinically effective procedures, including imaging services.
- Health Information technology (HIT) Standards infrastructure needs to be established to support transition to HIT electronic medical records.

ISSUE: International Trade

The U.S. electrical and medical imaging equipment industries run a sectoral trade surplus with trading partner nations. This has been accomplished through the reciprocal opening of foreign markets through the elimination of tariff and non-tariff barriers worldwide. As economies around the world grow, manufacturers seek access to these new and developing markets. With the U.S. domestic market largely open, free trade agreements serve to level the trading field for U.S. manufacturers.

Recommendations:

- U.S. negotiators should pursue all avenues for advancing free trade in electrical and medical imaging goods, be they bilateral, regional, or multinational.
- Presidential “Trade Promotion Authority” (TPA), which expired on July 1, 2007, should be renewed as soon as possible.
- Addressing and enhancing the effectiveness of the Trade Adjustment Assistance program should be considered in the context of the Trade Promotion Authority debate.
- Labor and environment provisions in Free Trade Agreements should be based on the May 10, 2007 bipartisan congressional agreement.
- Bilateral trade agreements concluded with Colombia, Panama, and South Korea should be ratified by Congress.

ISSUE: Product Anti-Counterfeiting

Counterfeit electrical equipment is a growing problem. It is often substandard and unsafe, posing a serious threat to public safety. For consumers and commercial buyers the risk of deception is high and the quality of counterfeits is often very low. The risks are high because the short-cuts that counterfeiters take to cut costs and compromise safety are usually not visible. Public policy must be one of zero tolerance for those who manufacture and traffic in counterfeit electrical products.

Recommendations:

- Prompt implementation of the Intellectual Property Rights Act of 2008 including the naming of a White House Intellectual Property Enforcement Coordinator to run the new intellectual property interagency advisory committee.
- Sufficient resources must be allocated and deployed to protect our domestic borders as well as to work with our trading partners to ensure that their borders are similarly protected.

ISSUE: Consumer Product Safety

In the wake of several high-profile recalls of consumer products, especially children's toys, the Consumer Product Safety Commission (CPSC) was criticized for failing to fulfill its mission. In response, Congress passed the Consumer Product Safety Improvements Act of 2008 to bolster the resources and authorities of the CPSC.

Recommendations:

- Fully fund and staff the Consumer Product Safety Commission.
- Promptly name Commissioners to restore the Commission to a functioning five-member body.

ISSUE: Occupational Safety and Health

The U.S. electrical safety system, which is principally based on third-party certification before products can come on the market, has been successfully ensuring public safety in this country for more than a hundred years. OSHA's Nationally-Recognized Testing Laboratory (NRTL) Program oversees the system at minimal cost to the taxpayer. Both U.S. and foreign testing laboratories have qualified for NRTL accreditation and products can be tested for compliance either domestically or overseas.

Recommendations:

- Maintain the current NRTL-based safety system for electrical products and reject the supplier's declaration of conformity (SDOC) approach.
- In response to the October 20, 2008, OSHA Request for Information (comments were due on January 20, 2009), reaffirm the current U.S. electrical safety system.

ISSUE: Security for Airports, Ports, and Mass Transportation

Our nation's airports, ports, and mass transit systems serve millions of people per day and are a critical element of our infrastructure as well as our open economy and society. Securing these assets from terrorist threats falls to the Department of Homeland Security, its Transportation Security Administration, and other DHS agencies. Advanced technology – Digital Imaging and Communication for Security (DICOS) – is in development to integrate existing and future approaches to detect and mitigate explosives and other threats while meeting requirements for automation, efficiency, and cost reduction. DICOS is a set of protocols for security-imaging equipment.

Recommendations:

- Fully fund and support the standards development of Digital Imaging and Communication for Security (DICOS).
- Promote the adoption and use of DICOS at airports, with further expansion to ports and mass transit.

ISSUE: Regulation of Chemicals

The U.S. approach, as codified in the Toxic Substances Control Act, is a risk-based system and provides broad authority to the Environmental Protection Agency to require manufacturers to track health effect information and provide risk assessment and chemical testing data. TSCA, together with the High Production Volume Challenge Program, Toxic Release Inventory, and Chemical Assessment and Management Program, fosters a regulatory regime of both responsibility and innovation, each needed in a globally competitive world.

Recommendations:

- Support regulation of chemicals on a risk-based approach under the Toxic Substances Control Act (TSCA).
- Reject application of the “precautionary principle” approach used in Europe as the basis for U.S. chemical regulation. The EU approach adds significant costs without commensurate environmental health and safety benefits.

ISSUE: Tax Reform and Inventory Methods

Last-In, First-Out (LIFO) is an inventory accounting method used by companies to determine both book income and tax liability. It is used by manufacturers, distributors, wholesalers, and retailers of all sizes. It is particularly used by small businesses because of thin capitalization and those sensitive to rising supply and materials costs. LIFO has been in the U.S. tax code since 1939.

Recommendations:

- LIFO and FIFO (First-In, First-Out) inventory accounting methods should both be retained for companies based on their particular needs and type of business.
- Repeal of LIFO would not only be burdensome and unnecessary, it would result in a massive tax increase on many businesses. Repeal of LIFO should be rejected.

ISSUE: Surface Transportation Authorization

In 2009, Congress begins consideration of authorization of Surface Transportation legislation. A key component of the legislation is accelerating integration of Intelligent Transportation Systems (ITS) into federal infrastructure investment which would yield short- and long-term economic benefits while improving employment, safety, mobility, productivity, and the environment. One specific example of a high-impact, high-yield investment is the installation of “intelligent” traffic lights and controllers at signalized intersections. Included upgrades would not only improve the driver experience but also lay the groundwork for future build-out of communications technologies that will enable real-time communication between vehicles, the roadway, first responders, and traffic operations centers. ITS also enables transportation agencies to collect the real-time data needed to measure and improve the performance of the transportation system and provides the enabling technology behind a future tolling systems.

Recommendation:

- The Surface Transportation Authorization legislation should contain incentives and sufficient funding for states to purchase and install ITS systems for new construction, upgrading existing intersections, and maintenance and operations.

ISSUE: Intelligent Transportation Systems (ITS) Standards Development

Nearly every signalized intersection in the United States contains multiple devices that comply with ITS standards. The only way to achieve sustainable benefits from ITS deployment, and to best leverage the public's investment made through federal funding, is by well-maintained and operated systems. Standards are essential. The resource needs of the standards development and maintenance effort are significant, and beyond what the private sector should be expected to contribute. Funding for DOT's support of standards development and maintenance should be enhanced.

Recommendation:

- Provide funding for the Department of Transportation's ITS standards development and maintenance at a level of \$12 million annually.

ISSUE: Secret Ballots for Union Elections

Eliminating private ballot elections for union representation by instituting a "card check" system is undemocratic. The so-called "Employee Free Choice Act" (EFCA) would allow a union to organize if a majority of employees simply sign an authorization card. This system threatens the privacy of employees and exposes them to potential intimidation. Under a card check system, the employees' signatures are made public to the employer, the union organizers, and coworkers. In addition, EFCA opens the door for contract terms being imposed on private, unionized employers and employees through a process of compulsory, binding arbitration. Locking-in two-year contract terms during these economic times is unwise and threatens job retention and manufacturers' competitiveness.

Recommendations:

- Maintain the democratic, secret ballot process for union elections and reject card check legislation.