

SREA NEWS BULLETIN

STRUCTURAL ROOF ERECTORS ASSOCIATION NEWSLETTER



March 2018, Volume 15, Issue 1

President's Message

BY RON KOZLOSKI

Fellow members,

Most of us in this organization have been involved in our particular fields for quite some time now. Some of these jobs can be very gratifying and one can easily develop a lifelong passion for the industry. For instance, starting out in the field of the roof structure trade can be very satisfying in a hurry. One can easily see the results of their efforts at the end of a day. i.e., holy cow... we got a lot of roof up today! Estimating/bidding can be "occasionally" gratifying as well. Especially when one is awarded a project and they are 100% sure they have all the parts and pieces included and properly priced.

Some of us "Truss Tramps" are the



second generation in this industry. We got hooked when we were young and never left! There's no doubt, it is easy to develop a lifelong passion for this industry. I'm sure many of the other

members in our association share the same synergy as well. It is definitely a vital portion of our success!

Another important key for maintaining business success is having a passion for your employees because without them, you would not have a business at all. Many of our fellow carpenters have been lifelong friends. However, for continuation, hiring newbies is another key to such a plan. Considering how some of the "New Millennials" are, one can only think... wow, we're in a world of trouble! Some of them are quite intelligent though and very safety aware. However, that's not to say it would be easy.

In order to have such patience, one should remember the generation we came from... hippies, free love, Maui wowie and the term...mellow out man!

2018 Annual Spring Conference in Sunny Scottsdale

Happy Hour/Open House, Topgolf, Spring Training - Giants vs Diamondbacks, Golf Tournament, and Fantastic Education!
There is something for everyone!

BY DANA BAISDEN

If you are able to come in a day early (Tuesday), Brian and Lisa Vandenburg have graciously extended



an invitation to all attendees to join them at their home for an open house & happy hour. What a great opportunity to relax with friends, enjoy some cocktails and share some wonderful food!

Wednesday will start early for our board members who will attend a board meeting so they can get out

and enjoy the rest of their day with the other attendees. The day will kick off for others who have signed up to participate at Top Golf



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I Hope You Were There!

A Recap of SREA's 2017 Fall Meeting at Beautiful Lake Tahoe

BY BRIAN VANDENBURGH

The goal of this article is to make you feel bad for missing our last conference or, if you were there, to bring back some great memories. It should not be difficult to make those of you who were absent feel bad! Our Fall Conference was held at the Hyatt Regency, Incline Village, North Lake Tahoe, Nevada. The venue was amazing. We were located adjacent to the lake in a quiet bay contrasting the deep blue lake with the forest trees! Are you sorry you missed it yet?

Wednesday included the Board



of Directors meeting and golf outing. I'm not a golfer, but I'm told the Incline Village Championship Course is wonderful. The weather was cool but not too cold, even for those of us from Arizona. As added entertainment, golfers were lucky enough to see a funnel cloud forming over the lake! (Image credit goes to Keith Coonce) Friday evening concluded with drinks and dinner at the lake's edge.

Thursday was all about education. Our education focused on current issues in our industry related to the economy, materials and safety. We began with a segment from APA-The Engineered Wood Association. Alese Ashuckian, PE and Joe Elling provided detailed information about the current state of the engineered wood industry,



the role of commercial construction in the future of that industry, and their thoughts on the economic outlook of wood related industries. Next was our education on creating durable low-sloped roof assemblies from RDH Building Science Ink. Following this technical and highly informative presentation was Kelly Robins from New Millennium Building Systems. Kelly gave us some great insight into current steel related issues including an update on the Government Section 232 probes.

Thursday afternoon consisted of one more material related presentation before our focus on safety. Chris Wischman, Norbord Industries, gave



us some much-needed information to help understand the current volatility found in Oriented Strand Board (OSB) pricing. Next was Robert Peterson, attorney, to give us the latest in OSHA hot topics. If you've ever heard Bob speak, you know he will give it to you straight, like it or not! He's also super entertaining and has many, many real-world examples to help drive his point home. We finished our education strong with Rick Faulkner, President of Elite Safety Companies. Elite gave exceedingly valuable information regarding the much anticipated Silica Dust regulations. Personally, I've been hearing of the new regulations for a long time but still learned new information!

The beautiful venue and informative education were complimented by the incredibly treasured networking. I can think of no other event where I can have such important face-to-face time with other erectors, industry associations, and the key influencers from the suppliers that we partner with to perform at our best.

If you are related to roof structures in any way, and weren't there, you clearly missed out! Be there at the next one in Phoenix. Besides casting regret, I also want to thank our conference sponsors for helping to make the conference and our association such a success:

Reception – New Millennium Building Systems

Dinner – NUCOR-Vulcraft Group

Golf Lunch – Norbord, Valley Joist

Golf Prizes – Panelized Structures Inc., La'au Structures

Thursday Break – Canam Steel Corp

The 2017 Federal Tax Reforms Were Touted as ‘Good for Business’ — But Are They Good for Your Business? Part I

4 ways the Tax Cuts and Jobs Act benefits small businesses

According to Tom Hood, CEO of the Maryland Association of Certified Public Accountants (MACPA) and one of the top 100 most influential people in accounting, CPAs are looking like the coolest kids in the room. And he’s not the only one taking notice.

The Wall Street Journal recently declared, “Accountants face long hours, anxious clients, but it’s never been a better time to be a CPA.” Likewise, the Chicago Tribune titled a December article, “I’m a rock star’: Thanks to the tax bill, America’s accountants are suddenly very popular people.”

“We’re hearing things like ‘rock star,’ ‘center of attention,’ ‘sexy’ — CPAs are back in vogue, and that’s kind of exciting,” says Hood.

As you might guess, the reason for this unexpected popularity has a lot to do with the recently passed Tax Cuts and Jobs Act, largely considered to be the most significant tax law passed since 1986. “CPAs have been business as usual for the last 30 years,” says Hood, “but now, with all this stuff in a bit of a flux, clients are saying, ‘I need to know what this means.’”

It’s a challenge CPAs all over the country are attempting to meet, as they acquaint themselves with over 500 pages of new tax law, just in time for tax season. Now, in the midst of preparing 2017 taxes for individuals and businesses alike, they’re tasked with the role of determining how the new law may affect their clients’ finances next year and beyond.

In an effort to better understand what the 2017 Tax Cuts and Jobs Act will mean for small businesses, we’ve partnered with three Maryland CPAs: Dan Thrailkill, director at Ellin & Tucker; Jim Wilhelm, director at SC&H Group; and Beverly Bareham, president of Bareham CPA. With their help, we’ll attempt to examine the good, the bad, and the confusing of this new tax law, in the form of a three-blog series designed

to answer this question:

Is the Tax Cuts and Jobs Act good for small businesses?

In part, it depends on what you would call a “small business.” On one hand, the Tax Cuts and Jobs Act effectively reduces tax rates by 40 percent for C corporations. On the other, while small businesses certainly can file as C corporations, most are classified as “pass-throughs,” meaning they file as S corporations, partnerships, LLCs, and sole proprietorships. And there are tax benefits for these as well.

In the end, the Tax Cuts and Jobs Act, like most tax laws, is full of complexities. It’s difficult to make blanket statements about how the law will affect businesses, based on size or income. There are plenty of potential benefits (and pitfalls) that could impact your small business, but they’re largely tied to location and industry.

Complexities or no, we’ve dived deep into the Tax Cuts and Jobs Act in an effort to understand the (mostly) beneficial parts of the law and the parts that aren’t as positive. This article can’t take the place of a one-on-one meeting with your company’s “rock star” CPA, but it’s a step toward understanding how this new tax law could affect you and your small business.

4 ways the Tax Cuts and Jobs Act benefits small businesses

1. New deductions

You may have heard the new tax law got rid of a lot of deductions, and that’s true. But there’s one major deduction — the qualified business income deduction, or QBI deduction — that’s brand-new and absolutely should be on your radar as a small business owner.

This deduction applies to those aforementioned pass-throughs and does not include C corps. “It’s a fairly complex topic with many caveats,” says Wilhelm, “but profitable small businesses should be eligible to have their owners take a 20 percent

deduction against their personal income.”

That’s a big deal. Imagine you own your own nursery. At the end of the year, you’ve sold \$50,000 worth of trees and shrubs. You had \$25,000 worth of expenses, so your profit is \$25,000. As a sole proprietor or small business owner, you know it’s not the business that pays taxes, it’s you. You pay taxes on the money you’ve earned.

In years past, that would mean, for simplicity’s sake, you’d pay taxes on all of that profit — the whole \$25,000. Not so anymore. Now, as the business owner, you’re able to take 20 percent off that profit, then pay taxes on what’s left over. So in the case of that \$25,000, you’d only pay taxes on \$20,000.

“Generally speaking, this 20 percent deduction is a benefit to small businesses,” says Beverly Bareham, “but I can’t say it’s going to benefit every small business. It is convoluted, complex — there are phase-out limitations — it certainly isn’t an easy thing, but it definitely is a pro-business, pro-taxpayer tax incentive.”

2. More exceptions to the percentage-of-completion method

The percentage-of-completion method has long been a thorn in the side of small construction, manufacturing, and installation business owners who’ve been required to use it.

For those unfamiliar, the percentage-of-completion method requires companies to pay taxes on their ongoing long-term contracts. In contrast, the completed-contract method allows companies to pay taxes on a project only once it’s completed (even if they’ve been receiving payments throughout the year or years prior to completion).

In the past, companies with average annual gross receipts of \$10 million or less weren’t required to use the percentage-of-completion

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method. Now, this exception has been expanded, so businesses with up to \$25 million in gross receipts have the option of also using the completed-contract method, rather than the percentage-of-completion method.

These exceptions apply to contracts started in 2018 and beyond, provided they are (1) expected to be completed within two years of the contract's start date, and (2) the contract owner is a taxpayer who meets the \$25 million gross receipts test.

3. Expansion of depreciation and expensing

"Businesses will benefit from more generous depreciation rules," says Bareham. One example of this is Section 179. The old Section 179 allowed businesses to expense the cost of an asset, up to \$500,000.

Today's broader Section 179 allows businesses to expense up to \$1 million and expands the list of qualifying assets, particularly related to non-residential improvements, and certain specified assets, such as a new roof, new HVAC, and new alarm systems or security systems for the business.

Bareham notes the new tax law also expands the bonus depreciation deduction to include used assets, and it increases the deduction from 50 percent to 100 percent for assets placed in service between September 27, 2017, and December 31, 2022.

For those who need a refresher in Tax Terms 101, depreciation is different than other expenses, in that most other expenses are deducted when you buy them. Office supplies are one example. As a business owner, you would expense them upon purchasing them. For larger assets, though, like manufacturing equipment, businesses take depreciation deductions.

To start the deduction, you actually have to place the asset into service. That means not just purchasing the asset or having it delivered, but actually plugging it in, setting it up, etc.

4. New limits on UNICAP

"Businesses with gross receipts

over \$10 million, who meet a more generous threshold, may no longer be subject to the onerous 263A UNICAP rules," says Bareham. That's good news for small businesses with gross receipts of \$25 million or less.

UNICAP is one of those tax concepts businesses hate. Essentially, the government requires businesses to classify some of their regular expenses as capitalized, writing them in as part of the company's inventory, even though they're not physical inventory.

"It is a complex calculation which is prone to errors," says Bareham. "The new law exempts most small businesses with gross receipts of \$25 million or less from the burden of UNICAP." For

small businesses and CPAs alike, fewer complications make for an easier filing, and this is one benefit that's sure to positively impact a number of companies.

These are just a few of the more positive points of the Tax Cuts and Jobs Act. Be sure to check out Part two, 3 Limits to Deductions: A Major Downside of the Tax Cuts and Jobs Act for Small Businesses, to read up on some of the more negative points of the law.

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Spring Conference, continued from page 1

which will be held from 12:00-2:00 PM. All player levels are invited to participate and enjoy some lunch



together. After a short rest, those who have signed up to attend the Spring Training Baseball Game at Salt River Fields will join at 5:00 PM to pick up their tickets and claim their space on the lawn. You are then welcome to sit back and enjoy some ballpark food and an ice cold beverage. We will have the pleasure of watching the Giants take on the Diamondbacks starting at 6:40 PM.

Thursday we'll gather at 7:00 AM for breakfast, a short business

meeting and then a half day of education from some top notch speakers. Those who sign up for our more competitive golf tournament will then enjoy the afternoon on the O'odham course at Talking Stick Golf Club. Please arrive no later than 12:30 PM. Box lunches will be provided at the club house with the first tee time at 12:44 PM. If you're not a golfer, there is plenty of other activities nearby to keep you busy. The President's reception and dinner will be held Thursday night starting at 7:00 PM.

On Friday we'll again join for a 7:00 AM breakfast and a half day of education.

This will be a don't miss conference! We hope to see you there.



Staying on Top of Labor Laws in 2018

Are you a business owner concerned about the labor and employment law changes coming your way in 2018? In times of uncertainty, it's best to prepare for any obstacle the world might toss at you. But how do you get ready for new legislation you're not familiar with in the first place?

We have been watching the Department of Labor (DOL) and its interpretation of the Fair Labor Standards Act like a hawk, and you can see what updates the DOL has made recently here. We've also been tracking efforts in several states to update employment laws (i.e., scheduling ordinances, paid time off, and discrimination policies). It's clear that change is happening and will continue in 2018.

At TSheets, we are committed to helping our customers increase their awareness of trustworthy resources that can help them keep track of pending changes and ensure they're complying with any new mandates that could affect their businesses.

What's in the news?

To get a better grip on the ever-fluctuating landscape of employment policies and trends for 2018, we reached out to our friend and employment law attorney Maria Hart, of Parsons Behle & Latimer, to get the latest on what's expected this year.

DOL overtime laws

Under the Obama administration, the Labor Department announced that the former overtime salary threshold, previously \$23,000 annually, would rise to more than \$47,000, and would be updated every three years to reflect wage growth. That administration's rule change would have meant 4 million more workers would be eligible for overtime.

Find out!

These changes were set to go into effect in December 2016 but were ultimately put on hold by a federal judge and then by Trump's new administration. Last year, we started getting some indication of the DOL's trajectory on overtime and the FLSA.

"[The DOL] requested commentary and questions about the issue, in a peremptory fashion, and we're tracking whether a new rule will be issued at some point this year," said Hart. This

would trigger, initially, a comment period, with the eventual implementation of any proposed rule. If the DOL proposes changes to the existing rule, she expects the overtime threshold for exempt employees would be much lower than the original \$47,000 salary level proposed in 2016.

"The DOL will probably release a revised rule that's going to look somewhat different," Hart continued. "We're expecting it will be lower. It hasn't been changed in 13 years, which is what motivated the revisions under the prior DOL. However, the increased salary threshold was just so substantial, and I know many businesses are breathing a collective sigh of relief."

Predictive scheduling and paid leave

Get the full scoop.

Hart also talked about changes rolling out in states and cities across the nation addressing what is known as "predictive scheduling." Under these new predictive scheduling ordinances, employers are required to provide more notice to employees regarding upcoming shift schedules and any changes, particularly last-minute changes, to those schedules. More states and cities are also proposing new legislation addressing mandatory paid leave.

Activity at the National Labor Relations Board (NLRB)

In addition, attorneys are keeping an eye on the National Labor Relations Board (NLRB). The NLRB greatly expanded its influence under the guidance of Obama-appointed board members with a series of employee-centric decisions.

On December 14, 2017, the now Republican-led NLRB issued a number of new decisions unwinding Obama-era precedence. By way of example, the prior board issued decisions limiting employer handbook policies that might be "reasonably construed" by employees to infringe on their right to engage in protected activity, also known as Section 7 rights under the National Labor Relations Act.

Workplace civility rules, confidentiality policies, and social media policies were deemed unlawful under the "reasonably construe" standard, even if an employer had a legitimate reason for the rule. According to the new decisions, such

as the Boeing decision, employers may once again have policies restricting certain activities so long as the rule is neutral, has a legitimate purpose, and does not interfere with National Labor Relations Act (NLRA) rights.

#MeToo in the workplace

In 2016, employees filed 91,503 charges with the Equal Employment Opportunity Commission (EEOC). Of these charges, 12,860 involved sex-based harassment and 6,758 involved sexual harassment alone. With the #MeToo movement and rise in sexual harassment and assault reporting and/or awareness in professional spheres around the country, Hart says it's also very important to have an HR team that is prepared to evaluate your HR policies.

The place to start is with handbook policies. Does your company have a policy addressing equal employment opportunity, anti-harassment and discrimination, complaint procedures, and anti-retaliation? Are these policies up to date?

The second issue to address is training your employees. If your employees aren't sure who to talk to, remind them. And create a very direct line of communication to HR personnel of different sexual orientations so that everyone feels comfortable bringing up their issues.

"The time is now for employers to offer sensitivity training, review policies, and provide specialized training for supervisors, managers, and HR staff regarding harassment and discrimination. Employers need to make sure they're not endorsing any sort of negative work environment," said Hart. "It's a good time, in light of discussions that are happening at a local and national level, to say to employees, 'We value you, we value what you do, and we want this to be good work environment and a welcoming and positive place to work.'"

What can you do now to ensure compliance with changing laws?

- Overall, it's about staying informed and having support. "You'll need to have the right people to give you information should a change come down the pipe," said Hart.
- If you haven't already, create a

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strong relationship either with an employment attorney or make sure your HR manager is following these issues closely. Subscribe to updates from the DOL, and follow employment blogs and stories for updates.

- If you haven't had an initial audit of your company handbook in the past year, it's a good idea to do your research and conduct an internal self-assessment to see where you stand.

It's time to catch up on the few changes that have already begun, and at TSheets, we're following legislation at the state and federal level closely. Having a time tracker like TSheets can be one of your best lines of defense when it comes to avoiding FLSA lawsuits, managing compliance with predictive scheduling laws, and accounting for time off as more states and cities implement regulations. Keep your employee's time accurate and secure for your reference in the coming months.

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Website Directory

This column in the SREA newsletter is to help you gain access to an incredible volume of information available through Internet websites. If you have any sites that you feel would be of interest to fellow members, please e-mail info@srea.org and we will add them to the following list:



www.irs.gov/smallbiz/construction - **Internal Revenue Service**

<http://www.dir.ca.gov/Title8/sub4.html> - **Construction Safety Orders**

www.osha.gov/cgi-bin/est/est1 - **OSHA Establishment Records**

www.apawood.org - **American Plywood Association**

www.southernpine.com/consumerinfo.html - **Consumer Information on**

Pressure-Treated Lumber

www.epa.gov/pesticides/factsheets/chemicals/1file.htm - **Environmental**

Protection Agency FAQ on CCA

www.npic.orst.edu - **National Pesticide Information Center**

www.southernpine.com/library.htm - **Answers to Often-Asked Questions**

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www.wolmanizedwood.com - **Arch Chemical Incorporated**

www.borax.com - **U.S. Borax, Inc.**

www.treatedwood.com - **Chemical Specialties Incorporated**

www.osmose.com - **Osmoster Wood Preserving**

www.southernpine.com/ptl.htm - **Pressure-Treated Southern Pine Standards - Specification - Applications**

SREA Office Closures

The SREA office will be closed on the following dates in 2018. Please make a note of these dates on your calendar.

May 28

July 4

September 3

November 22-23

December 24-25

December 31



Structural Roof Erectors Association

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