

# Alaska Chapter NECA

December 22, 2006 Alaska Chapter, NECA  
www.alaskaneca.org

## Chapter Calendar

**December**

**January 1**

**January 2**

**January 9**

**January 10**

**January 11-12**

**January 12**

**Happy Holidays!**

**Happy New Year!**

**Anchorage JATC**

**Safety Committee**

**Membership Meeting Cancelled**

**IBEW/NECA Employee Benefit Conference in Phoenix**

**Board Meeting in Phoenix**

## Tool Box Talks

**January 02, 2007**

**January 08, 2007**

**January 15, 2007**

**Power**

**January 22, 2007**

**January 29, 2007**

**Aerial/Scissor Lifts**

**Arc Blast/ Fault Hazards**

**Assured Grounding, GFCI Protection, Temporary**

**Blood Borne Pathogens**

**Ceiling and Overhead Work**

## ALASKA CHAPTER NECA'S ANNUAL CHRISTMAS PARTY-DECEMBER 9, 2006

The Chapter's Christmas Party Saturday, December 9, 2006 at the Anchorage Museum was well attended. We hope everyone had a great time. HAPPY HOLIDAYS!

## Quick Action Averts Disaster On 3% Withholding, Sustained Action Needed For Repeal

NECA is a leading member of the Construction Organizations for Sensible Taxation (COST) coalition and the Government Withholding Relief Coalition (GWRC), working for total repeal of Section 511 of the Tax Reconciliation Act (*P.L. 109-222: H.R. 4297*) as soon as possible. When we received word, around noon on Friday (*with only hours left before the end of the 109th Congress!*) that Sen. Ron Wyden (D-OR) and Rep. Joe Barton (R-6-TX) planned a move that would advance the effective date from January 1, 2011, to January 1, 2007, for the law requiring a 3 percent withholding from all payments on government contracts, we took immediate action.

As a result, what is already a bad law was prevented from turning into a true disaster, for now. *But, we're not letting our guard down!* Repealing Section 511 is NECA's Legislative Priority #1 for the 110th Congress, and our side has a lot of support – most of the rest of the construction industry, many other businesses and trade organizations, and even state and local governments. However, the Wyden proposal shows that the problems associated with the law could be compounded swiftly unless we succeed, and we hope that fact encourages the entire contractor community to join in the repeal effort.

## Background 1: What's Section 511?

Unless Section 511 of the new tax law is overturned, starting in 2011, a provision will kick in to require 3 percent withholding on any payments made to businesses under a contract with a government entity that has a procurement budget of at least \$100 million per year – every branch or agency of the federal

government, every state, most counties and cities, even most school districts! The \$100-million threshold refers to the entity's total annual procurement budget (not just the amount budgeted for construction contracting), and payments subject to withholding would be for any goods or services procured under any type of contract.

## **Background 2: How Did We Get Stuck With This Monstrosity?**

In May of 2006, President Bush signed into law a bill known as HR 4297, the Tax Increase Prevention and Reconciliation Act (TIPRA). The measure was a hodge-podge of small tax provisions, including extension of capital gains tax rates, increased expensing provisions for small businesses and some alternative minimum tax relief. To offset these revenue-negative provisions it also contained sixteen "revenue offset" provisions to make the bill revenue neutral.

Before that, the House and Senate had passed differing versions of this measure and, as is normal in such cases, had gone to Conference to work out the differences and come out with a single final bill. When measures go to Conference, the result is supposed to include only provisions that are in the House bill or the Senate bill or a compromise between similar provisions.

However, weeks after the measure was "reconciled" and published as a public law, we discovered that it contained a section which had never been part of the original bills and never previously discussed in hearings or on the House or Senate floor. Apparently, it was slipped into the measure during Conference because provisions in the original bills would have cost the government \$6 billion more than were offset by revenue enhancements.

Advocates of Section 511 allege that government vendors are among the most egregious abusers of tax filing and payment obligations so they argue that withholding payments to contractors is an equitable way to close the "tax gap" – the difference between what taxpayers should pay and what they actually pay on a timely basis. But, the funny thing is, while Section 511 does have supporters, no one --- not a senator, not a representative, not a single congressional staff member – will own up to its authorship.

## **Background 3: How Would Section 511 Hurt Contractors?**

Section 511 assumes that 3 percent of the gross payment on a contract will match the contractor's tax liability on that particular project. That's wrong, as the Construction Organizations for Sensible Taxation explained in a letter e-mailed to the Senate Finance Committee last week. Here's an excerpt:

Consider a contractor who signs a \$1 million contract to perform work on municipal property. Section 511 would require the municipality to withhold 3 percent, or \$30,000, of the \$1 million payment. And for argument's sake, let's assume the contractor earns a 3 percent profit – which approximates the national average in construction contracts – on the project. That means the contractor would expect a profit of \$30,000, or 100 percent of the amount withheld. Let's further assume that the contractor is taxed at the top corporate income tax rate – currently 35 percent. Because businesses are taxed only on their profits, the tax liability on this \$1 million project would be \$10,500. So in effect, the contractor would float the Federal government an interest-free loan for \$19,500 on this particular project.

While all industries are subject to the withholding, the negative toll on construction is grossly disproportionate. Three percent may not sound steep, but it's larger than the profit margins permitted under many government contracts and will significantly impede cash flow, thereby jeopardizing a firm's ability to compete for business, or even complete projects. With price increases the industry has witnessed in recent years for suppliers, materials and labor, many firms will simply choose, or be forced, to withdraw from public sector work. Another concern is the impact this will have on the ability of contractors to secure bonding. When evaluating the health of

a contractor, surety companies look for a healthy cash flow, strong margins and timely payments. To suddenly strip a contractor of three percent of his working capital increases the risk of performance failure and potentially jeopardizes performance bonding. Similarly, payment bonds are likely to be affected.

### **What Happened Last Week?**

Late last week, we heard that Sen. Wyden and Rep. Barton were looking for a windfall revenue source to fund some pet legislation that would create a Rural Schools and Community Trust Fund and were planning to accomplish this feat by adding an amendment to a must-pass tax extender package that would accelerate the effective date of Section 511. NECA was the first organization to get out a message to our contractors and chapters, asking them to e-mail and phone their members of Congress on this issue. Our chapters in Oregon called Sen. Wyden's staff and explained why this would be such a counter-productive action. We also worked with the U.S. Chamber of Commerce and the Associated General Contractors to swiftly deliver a joint letter to each member of Congress opposing this proposal.

By Friday night, we had received word that our efforts had been successful and that the proposal was dead for now. "All this took place in the space of a few hours late Friday afternoon on the last day of the congressional session – which shows how important and effective NECA's constituent action can be in critical legislative battles," says Bob White, executive director of government affairs at NECA.

### **What Happens Next?**

The House closed out the final session of the 109th Congress at 3:17 a.m. Saturday morning; the Senate adjourned for the year at 4:40 a.m. Saturday morning. The new 110th Congress will convene on January 4, 2007. However, in the interim NECA and allies will continue spreading the word on why the 3-percent-withholding requirement is a bad idea, and we'll be going all out to win repeal once the new legislature convenes. We hope all members and chapter offices will join us.

You may e-mail your representative and senators by visiting:

<http://www.necanet.org/private/government/constituentAction.cfm>

Click on "Action Alerts" and click on "Repeal 3% Withholding Now!"

Call your Representative and Senators. Then let us know that you made the calls with a simple email, so we can follow-up with their office in Washington.

· Or Fax your Representative or Senators. Please copy NECA on any fax you send.

NECA's Action Alert on the repeal of 3-percent withholding is available at:

[http://www.necanet.org/pdf/government/alert\\_2006-11-20.pdf](http://www.necanet.org/pdf/government/alert_2006-11-20.pdf)

### **CHRISTMAS HOLIDAY**

The Chapter office will be closed for Christmas Monday, December 25, 2006.

### **NEW YEAR'S DAY HOLIDAY**

The Chapter office will be closed for New Year's Day Monday, January 1, 2007.

### **FUTURE SCHEDULE OF EVENTS.....**

February 22-25, 2007

March 4-6, 2007

March 11-14, 2007

District Six Council Meeting/Phoenix, AZ

Chapter Manager's Institute/San Francisco, CA

District 10 Meeting/Kona, HI

March 22-24, 2007                      IBEW Outside/Inside Construction  
Conference/Washington, DC  
August 23-26, 2007                      District Six Mini-Convention/Coeur d'Alene, ID  
October 5-8, 2007                      NECA Convention/San Francisco, CA  
October 4-7, 2008                      NECA Convention/Chicago, IL  
September 12-15, 2009                NECA Convention/Seattle, WA

### **A Bright Idea Lives on at Christmas**

Bethesda, MD – Electric Christmas lights gained popularity after World War II, due in part to the extension of electrification throughout rural America in the 1940s. However, like so much else in the history of electricity, the glowing holiday displays we now enjoy began with Thomas Edison.

**First, a disclaimer:** A persistent legend credits Ralph Morris as the inventor of electric Christmas lights. The story goes that Morris, in a panic at seeing his son push a candle over on a Christmas tree, singed his own hair and nearly set the tree on fire rushing to the rescue. Legend has it that Morris then came up with the idea of pulling the lights from an old telephone switchboard and wiring them on a tree, thereby "inventing" the electric Christmas tree lights. This incident is true, but it happened in 1908 -- more than a quarter century after a close associate of Edison's actually did the inventing.

**What really happened:** It all began in 1882, just three years after the incandescent bulb was invented. Edward Johnson, Edison's friend and partner in the Edison Illumination Company in New York City, hand-wired 80 red, white and blue bulbs and wound them around a rotating evergreen tree in his home. The New York press was invited to view the spectacle, but sensing a publicity stunt, they refused. A lone reporter from the *Detroit Post and Tribune* witnessed the event and filed this report:

"Last evening I walked over beyond Fifth Avenue and called at the residence of Edward H. Johnson, vice-president of Edison's electric company. There, at the rear of the beautiful parlors, was a large Christmas tree presenting a most picturesque and uncanny aspect. It was brilliantly lighted with many colored globes about as large as an English walnut and was turning some six times a minute on a little pine box. There were eighty lights in all encased in these dainty glass eggs, and about equally divided between white, red and blue. As the tree turned, the colors alternated, all the lamps going out and being relit at every revolution. The result was a continuous twinkling of dancing colors, red, white, blue, white, red, blue -- all evening. I need not tell you that the scintillating evergreen was a pretty sight -- one can hardly imagine anything prettier. The ceiling was crossed obliquely with two wires on which hung 28 more of the tiny lights; and all the lights and the fantastic tree itself with its starry fruit were kept going by the slight electric current brought from the main office on a filmy wire. The tree was kept revolving by a little hidden crank below the floor which was turned by electricity. It was a superb exhibition."

Despite the report in the Detroit paper, few Americans heard of electric Christmas lights until 1895, when President Grover Cleveland commissioned a White House tree lighted with Edison bulbs. The large evergreen featured more than a hundred multicolored lights.

Not long afterwards members of high society began hosting Christmas Tree parties. These were grand events since a typical lighted tree of the early 1900s cost upwards of \$300 (more than \$2,000 in today's dollars), including the generator and wireman's services.

Smaller and less expensive battery-operated lighting strings decorated the trees of those adventurous enough to do the wiring. An article in *Popular Electricity Magazine* described the wiring process and provided instructions on ordering the necessary wire, sockets and light bulbs. General Electric even offered miniature light bulbs for rent in some cities as an alternative to an outright purchase of the expensive lamps. However, such trees were still out of range for the average American family of the era.

General Electric first made electric tree lighting more affordable in 1903 when the company offered a pre-assembled lighting outfit for the first time. Still expensive at \$12, many department stores in the larger, electrified cities would rent outfits for the season for \$1.50. Called a "festoon," the outfit consisted of eight green pre-wired porcelain sockets, eight Edison miniature base colored glass lamps, and a handy screw-in plug for easy attachment to a nearby wall or ceiling light socket. However, GE was unable to patent their festoon, leaving the market open for anyone to manufacture the strings.

### **More About Electric Christmas Tree Lights**

The person responsible for popularizing Christmas tree lighting is Albert Sadacca. In 1917, when the continuing practice of lighting trees with candles caused a tragic fire in New York City, 15-year-old Albert had an idea.

Sadacca's family had a novelty business selling wicker cages with imitation birds that lit up. Albert suggested that his parents begin making electric lights for Christmas trees. It was a good idea, but only one hundred strings of electric Christmas tree lights sold in the first year. Business increased dramatically, however, when Albert proposed painting the bulbs red, green, and other colors instead of using plain glass.

Albert eventually started NOMA Electric Company with his brothers Henri and Leon. Their multi-million dollar business was the largest Christmas lighting company in the world prior to 1965.

Public distribution of electricity was not common in the early 20th century. People living outside of major cities who wanted one of these illuminated trees had to supply their own electric power, usually from household generators. Electric socket outfits had not been invented, and this meant that all of the tree lights had to be wired by hand. Wiremen were generally hired to complete the tedious task of wiring the lights necessary to illuminate a room-sized tree.

In the beginning of the century, American homes were wired for lighting circuits only, with only a single light bulb socket in each room. Any additional electrical devices had to be powered from the ceiling outlet; wall outlets did not exist. The earliest Christmas lighting outfits used screw-in current taps from the ceiling. As electricity became more popular, outlets for wall lighting were added which made adding electric lights to the Christmas tree easier.

In fact, the familiar bladed wall plug used today developed from a device originally used to facilitate the interconnection of Christmas light strings. Some prototypes of this device were used as early as 1917. It was patented as the "Tachon" connector in 1924. The 1924 Tachon started out as a screw-in type of connector with a safety cover, but soon evolved into the two parallel blade type.

### **More Historical Facts**

- Many of the earliest Christmas lights burned so hot that they were about as dangerous as the candles they were advertised to replace.
- Many of the earliest figural light bulbs representing fruit, flowers and holiday figures were blown in molds that were also used to make small glass ornaments. These figural lights were painted by toy makers.
- Most figural Christmas lights were made out of milk glass for a specific reason. The paint used on the lights did not adhere well to glass, and as the lights were turned on and off, the constant expansion and contraction of the glass helped the paint to flake off even faster. It was discovered that milk glass looks better than clear glass when the lights have flaking paint, so the industry quickly and almost exclusively switched over to the use of the white milk glass by the late 1920s.
- A common but incorrect belief in the early days of electric Christmas lighting was that Christmas light bulbs would burn longer in an upright position. Early decorators spent a lot of time making sure that the lamps were positioned upright on the tree.

- True outdoor Christmas lights were not introduced to the public until 1927 -- almost 45 years after the first electric tree lights were demonstrated. Some sets were sold as outside units before 1927, but they were small, dangerous and extremely impractical for the average family.
- In 1927, General Electric introduced outdoor lighting outfits that consisted of seven lamps wired in parallel so that the failure of a single lamp would not affect the rest. The earliest of these lights were round; by 1928, they had taken the familiar swirled or flame shape. General Electric and various Edison Electric distribution companies sponsored neighborhood "decorating with color-light" contests in an effort to induce sales of the new outfits.
- The bell-shaped lights offered by General Electric in 1932 were originally designed as pint-sized streetlights for a model train station manufactured by the Lionel Company. But when it was discovered that they also resembled Christmas bells when hung upside down, GE offered them in festive colors as Christmas lights. They remained popular until the advent of World War II. (A working string of these antique lights now commands \$5000.)
- The miniature lights we use today are wired exactly the same way as our grandparents' lights were – in series. This means that if one goes out, they all should go out. What is different about today's lights is the fact that each little bulb has a shunt device in it, which prevents the string from going dark due to the failure of one or more lamps. The shunt device can only work if the lamp stays in its socket.

**NECA wishes you a bright holiday season and a happy, healthy, prosperous and safe new year!**

The National Electrical Contractors Association is the voice of the \$100 billion industry responsible for bringing lighting, power, and communications to buildings and communities across the United States. NECA's national office and 120 local chapters advance the electrical contracting industry through advocacy, education, research, and standards development. NECA celebrated its 100th anniversary in 2001.