



February 20, 2026

SCOTUS Limits Presidential Authority to Impose Tariffs Under IEEPA

On February 20, 2026, the U.S. Supreme Court ruled 6–3 in [*Learning Resources, Inc. v. Trump*](#) that the International Emergency Economic Powers Act (IEEPA) does not authorize the President to impose tariffs, undercutting one of his signature policies. The decision invalidates the sweeping tariffs President Trump imposed on imports from Canada, Mexico, China, and most other trading partners under declared national emergencies.

The ruling represents the most consequential separation-of-powers decision in years and will materially affect material costs, supply chains, and project economics across the electrical construction industry.

It's important to note that even without IEEPA authority, President Trump has ample statutory authority to replicate his trade policy using alternative avenues.

Background: The IEEPA Tariffs

Beginning in February 2025, President Trump invoked IEEPA (International Emergency Economic Powers Act) to impose tariffs to address two declared national emergencies: the influx of illegal drugs from Canada, Mexico, and China, and persistent trade deficits. Tariff rates escalated rapidly:

- 25% duty on most Canadian and Mexican imports
- Effective tariff rates on Chinese goods reaching 145%
- A baseline 10% "reciprocal" tariff on imports from all trading partners, with dozens of nations facing higher rates

Since imposition, the President issued numerous increases, reductions, exemptions, and modifications.

What the Court Held

- IEEPA's grant of authority to "regulate . . . importation" does not include the power to impose tariffs.
- The power to tax - including through tariffs - is constitutionally vested in Congress alone under Article I, Section 8.
- Congress has never used the word "regulate" in any statute to authorize taxation; when Congress delegates tariff authority, it does so explicitly and with strict limits on rate, duration, and scope.



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- No President in IEEPA's nearly 50-year history had invoked the statute to impose tariffs prior to 2025.

Chief Justice Roberts delivered the opinion of the Court, joined in full by Justices Sotomayor, Kagan, Gorsuch, Barrett, and Jackson. Justices Thomas, Kavanaugh, and Alito dissented.

What the Ruling Does Not Affect

The decision is limited to tariffs imposed under IEEPA. It does not invalidate:

- Section 232 (national security related) tariffs on steel and aluminum
- Section 301 (unfair trade practices related) tariffs on Chinese goods
- Tariffs imposed under other statutory authorities (e.g., the Trade Expansion Act of 1962)
- Federal fuel economy or vehicle standards administered by DOT
- State-level trade or procurement policies

Immediate Market and Legal Implications

Tariff refunds: Importers who paid IEEPA-based duties may pursue refund claims through U.S. Customs and Border Protection.

Material cost relief: Construction input prices - particularly for steel components, copper, electrical equipment, and imported manufactured goods - may begin to decline as IEEPA tariff costs unwind.

Supply chain stabilization: Customs bottlenecks and sourcing disruptions attributable to IEEPA tariffs should ease, reducing lead times and inventory carrying costs.

Continued uncertainty: Congress may pursue new tariff legislation, and the Administration retains authority under other trade statutes. Policy volatility is expected to persist.

Immediate for Electrical Contractors and Company Owners

The ruling removes one layer of cost pressure but does not eliminate all trade-related risks. The primary change is a reduction in federally imposed input cost volatility from IEEPA tariffs. Section 232 steel and aluminum tariffs remain in effect and continue to influence material pricing.

Key Considerations



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Project Repricing: Contractors with active bids or projects that included tariff escalation clauses should assess whether cost adjustments are warranted.

Contract Review: Escalation provisions, force majeure triggers, and tariff pass-through language should be reviewed in light of the ruling.

Material Procurement: Evaluate current inventory positions and forward purchase commitments; favorable pricing windows may emerge as tariff costs dissipate.

Refund Exposure: Contractors who absorbed IEEPA-related cost increases from suppliers should determine whether refund claims or supplier credits are available.

Special Considerations for Line Contractors

Transmission and distribution project pipelines remain supported by structural load growth, data center demand, renewables integration, and grid reliability needs - factors independent of IEEPA tariff policy.

Key considerations include:

- Steel and aluminum tariffs under Section 232 remain in effect, continuing to affect conductor, pole, and structural steel costs.
- Utility capital investment plans are driven primarily by state regulatory commissions, RTOs, and large commercial customers rather than federal trade policy.
- Permitting and siting constraints remain the primary timeline challenges for transmission projects.

Strategic Risk Management

- Model project budgets under multiple scenarios: IEEPA tariff refund, partial relief, and status quo for non-IEEPA tariffs.
- Strengthen contract provisions to address future tariff or trade policy changes.
- Track material cost movements closely as supply chain repricing occurs.
- Continue workforce development aligned with electrification, grid modernization, and data center construction demand.

Bottom Line

The Supreme Court's decision eliminates a significant source of cost volatility and legal uncertainty for the construction industry. However, tariffs under other statutory authorities remain in effect, and congressional action on new trade legislation is possible.



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For electrical contractors and company owners, the imperative remains adaptability: capture cost relief where available, manage ongoing trade policy risk, and continue positioning for sustained infrastructure investment driven by electrification, grid modernization, and economic growth.

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