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What Contractors Need to Know About the Supreme Court Ruling on IEEPA Tariffs

This member issue advisory is not legal advice, but rather general policy analysis. As always, member companies should consult their own legal counsel and trade expertise for their own use.

On February 20, 2026, the U.S. Supreme Court in [Learning Resources, Inc. v. Trump](#), struck down the President’s drug trafficking, trade deficit “reciprocal,” and other associated tariffs that he imposed under the [International Emergency Economic Powers Act \(IEEPA\)](#) by holding that IEEPA does not confer tariff authority to the President. Later in the day, the President issued an executive order that terminated the now-invalidated IEEPA-implemented tariffs and imposed via [proclamation](#) a global tariff under [other authorities](#) which will expire in 150 days, which is July 24, 2026.

AGC is carefully tracking developments, especially as to the availability, administrability, and business consequences of potential IEEPA tariff refunds.

Did the Supreme Court decision strike down all tariffs?

No, the decision only applies to IEEPA-based tariffs. This means tariffs imposed under other tariff authorities were unimpacted, this includes many construction materials, like steel, aluminum, lumber, and copper as well as tariffs on imports from certain countries like China.

Why is the Learning Resources decision important to AGC members?

Learning Resources invalidates the IEEPA tariff programs that drove cost spikes for imported construction inputs, and it opens a contested path to recover previously paid duties. It also signals that future tariff policy will shift to other statutes with clearer limits, so pricing volatility and contract allocation remain live issues.

What did the U.S. Supreme Court say about IEEPA tariff refunds?

The Court expressly declined to decide whether or how the federal government must provide refunds to importers who paid IEEPA tariffs in *Learning Resources*. In his dissenting opinion in that case, Justice Kavanaugh indicated that the refund “process is likely to be a “mess.””

What is the state of play for potential IEEPA tariff refunds?

Right now, several businesses have filed fresh lawsuits seeking tariff refunds before the [U.S. Court of International Trade](#) (CIT). Some have continued existing lawsuits and some have sought injunctive relief before the CIT. None have been resolved. If the federal government chooses to

refrain from establishing an administrative process with the U.S. Department of the Treasury or another agency to issue refunds, it is possible that any business that seeks a refund for IEEPA tariffs that it paid might need to file a lawsuit in the CIT. If that is true, the fact that the CIT has only 12 judges will cause a significant backlog. Over 2,000 refund-related cases are now pending before the CIT. This number could increase ten-fold.

In [legal papers](#) filed by the federal government before the U.S. Court of Appeals for the Federal Circuit one week after the U.S. Supreme Court's issuance of its opinion in *Learning Resources*, the administration quoted Justice Kavanaugh's "be a mess" language and stated that the executive branch intended to "consider options." The administration made clear that it prefers "an orderly" process instead of one that "should speed ahead." It cited to past precedent that the refund process would be a time-consuming process.

It is possible that there will be greater clarity on whether the federal government will willingly issue refunds without judicial intervention and how it will do so if it does choose to willingly issue refunds in the coming days or weeks. There could be other administrative mechanisms to securing tariff refunds if the federal government chooses to do so that sit with federal agencies. For example, the pre-existing U.S. Customs and Border Protection post-summary correction and protest processes could be utilized or the administration could create a custom-built administrative process that is unique to the IEEPA tariffs. The administration has not yet clarified its approach.

What implications would Learning Resources have on AGC members' businesses?

Although the IEEPA tariffs were struck down, the President imposed a new global tariff under different statutory authority that can last up to 150 days and applies alongside existing duties. Any refund rights will sit with the importer of record. This makes contract terms and pass-through arrangements central for contractors and suppliers seeking refunds.

Why is it important for AGC members to seek their own legal counsel and trade expertise on the question of IEEPA tariff refunds?

Refund eligibility relies on unique facts, may depend on importer status, contractual relationships between businesses and importers of record, litigation posture, and strict procedural requirements that vary by company and entry. The decision does not affect other tariff authorities such as those under Section 232 of the Trade Expansion Act of 1962 and Section 301 of the Trade Act of 1974, which continue to shape landed cost and compliance risk.

Will AGC keep members updated on the latest regarding tariff refunds?

Yes. AGC is carefully tracking this issue at a high level of priority and will continue to provide timely updates as they develop. You can also find more information on AGC's [Tariff Resource Center for Contractors](#).

For additional information, please contact [Deniz Mustafa](#), [Liza Hall](#), or [Alex Etchen](#).