Statement

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AMERICAN CHEMISTRY COUNCIL RESPONDS TO PRESIDENT
OBAMA’S FEDERAL BUDGET PROPOSAL

WASHINGTON, D.C. (February 15, 2011) – Cal Dooley, CEO and President of the American Chemistry Council, issued the following statement in response to President Obama’s proposed federal budget:

“If passed, the President’s budget would strike a major blow to America’s chemistry industry, making it harder for us to compete internationally, create jobs, and continue supplying energy-saving products to the U.S. economy. Overall, the proposal is a significant tax increase on U.S. companies already burdened by a corporate tax system that favors foreign competitors. It could erode the chemistry industry’s job base, currently nearly 800,000 strong. Further, it could risk jobs in chemistry’s ‘customer’ industries, if they move abroad to be closer to raw materials or have to pay more to transport them into the U.S.

“From reinstatement of Superfund taxes to ‘double taxation’ of U.S. companies and other levies totaling billions of dollars, this budget will thwart the administration’s stated goals of strengthening manufacturing and doubling U.S. exports in five years. It will harm energy security, too, by discarding tax benefits available to oil and gas companies, leading to higher energy costs for chemical makers and other consumers. Congress should take a pass on these damaging provisions and enact a budget that advances job creation and U.S. competitiveness.

President Obama’s proposed budget includes:

• Reinstatement of Superfund taxes, costing the chemical industry approximately $1.5 billion annually.

• Repeal of the LIFO method of accounting for inventories, with retroactive tax on the chemical industry in the hundreds of millions of dollars, with higher tax cost going forward.

• Deferral of deduction of interest expense allocable to foreign operations, which will have the effect of permanently higher U.S. tax liability. ($37 billion cost to all companies subject to the tax)

— more —
• Tighten rules for calculation of the foreign tax credit so as to make double taxation of foreign earnings even greater. ($51 billion cost to all companies subject to the tax)

• Eliminate most tax benefits now available to coal, oil, and gas companies, which will raise the cost of energy and feedstocks to ACC member companies. ($59 billion total cost to oil, gas and coal companies, including loss of dual capacity taxpayer status ($10.8 billion) and removal of the domestic manufacturing deduction ($18.2 billion).”

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The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people’s lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is a $674 billion enterprise and a key element of the nation’s economy. It is one of the nation’s largest exporters, accounting for ten cents out of every dollar in U.S. exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation’s critical infrastructure.