



March 29, 2021

The Honorable Chairman Wyden
The Honorable Ranking Member Crapo
Senate Committee on Finance
Attn. Editorial and Document Section
Rm. SD-219
Dirksen Senate Office Bldg.
Washington, DC 20510-6200

Re: Made in America: Effect of the U.S. Tax Code on Domestic Manufacturing –
Hearing Tuesday March 16, 2021 10:00 am

Dear Chairman Wyden and Ranking Member Crapo:

The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC member companies apply the science of chemistry to create and manufacture innovative products that make people's lives better, healthier, and safer. The business of chemistry is a \$526 billion enterprise and a key element of the nation's economy. Over 25% of U.S. GDP is generated from industries that rely on chemistry, ranging from agriculture to oil and gas production, from semiconductors and electronics to textiles and vehicles, and from pharmaceuticals to residential and commercial energy efficiency products.

ACC appreciates the opportunity to submit comments in response to the Committee's hearing last week on the effect of the tax code on domestic manufacturing. Since 2010, the chemical industry has invested \$97 billion in new or expanded facilities in the United States. These 229 projects are completed and operating. Another 40 projects cumulatively valued at \$31 billion are under construction, while 80 projects valued at \$81 billion are in the planning phase. This investment in facilities drives business and job growth in the United States.

We agree with the sentiment expressed by many members during the hearing and echo the messaging of the witnesses – the lowering of the corporate tax rate under the Tax Cuts and Jobs Act (TCJA) was a critical component driving growth in the manufacturing sector – and in the chemical industry in particular, was a driving factor in the renaissance we are now witnessing.

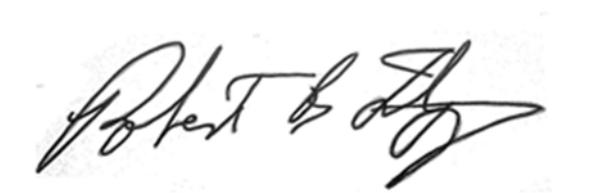
Like many witnesses, we are deeply concerned about the changes to the research and development deduction (R&D), interest deductibility under section 163(j), and full expensing that will take

American Chemistry Council- Comment Letter
700 Second St., NE Washington, DC 20002

effect without congressional intervention. To that end, we support the American Innovation and Jobs Act recently introduced. On top of the concern over scheduled changes, we continue to see signs that increasing the corporate tax rate is under serious consideration. Reversing course by increasing the corporate tax rate to 28% renders the U.S. uncompetitive, particularly when also considering the application of additional state and local taxes. Such an increase is also inherently contrary to a “Made in America” policy objective.

All of these changes will negatively impact ACC members and harm U.S. manufacturing. Although we appreciate tough decisions may be necessary, we urge Congress to continue to be mindful about modifying the tax code to ensure the United States remains competitive and U.S. manufacturing continues to play a critical role in America’s recovery. We look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert B. Flagg", enclosed in a thin black rectangular border.

Robert B. Flagg
Senior Director, Federal Affairs
American Chemistry Council