

February 27, 2025

Senate Majority Leader John Thune
Capitol Building
S-221
Washington, DC 20510

Senate Majority Whip John Barrasso
Capitol Building
S-321
Washington, DC 20510

Chairman Mike Crapo
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

House Speaker Mike Johnson
Capitol Building
H-232
Washington, DC 20515

House Majority Leader Steve Scalise
Capitol Building
H-329
Washington, DC 20515

Chairman Jason Smith
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Leader Thune, Speaker Johnson, Majority Whip Barrasso, Majority Leader Scalise, Chairman Crapo and Chairman Smith:

Making America the world's manufacturing superpower relies on resilient supply chains. Vital to these supply chains are 42 chemicals, critical minerals, and metallic elements that are subject to excise taxes imposed through enactment of the Infrastructure Investment and Jobs Act (IIJA) of 2021. Signatories to this letter represent millions of small and large businesses throughout the economy whose competitiveness has been adversely affected. We strongly urge you to support the repeal of these harmful and misguided taxes through the budget reconciliation process.

These excise taxes are punitive and lead to higher costs on U.S. chemical manufacturers and their customers – companies that produce the vast majority of our nation's manufactured goods. The taxes exacerbate supply chain challenges for materials that serve as the building blocks for American manufacturing. National defense, energy independence, infrastructure, modern healthcare, technology, and innovation all depend on chemistry and its vast supply chain.

Adding new taxes on U.S. manufacturing increases the cost of consumer goods and contributes to inflation. The chemistries that are subject to these taxes face intense foreign competition and slim margins. The reinstated taxes could offset any economic return on sales to current producers, making these segments non-competitive in the global market.

- The IIJA reinstated excise taxes on chemicals that had expired in 1995. The taxes were reinstated at two times their previous levels.
- The cost of these reinstated taxes is approximately \$1 billion annually.
- ACC analysis shows that repeal could increase chemical industry output by more than \$300 million annually. This analysis was based on just 22 of the 42 chemicals subject to the taxes.

We strongly urge you to take action to repeal these taxes. Bicameral bills to achieve this have been introduced in the 119th Congress. The Chemical Tax Repeal Act of 2025 (H.R. 640), led by Congresswoman Beth Van Duyne, Congresswoman Carol Miller, Congressman Darin LaHood, and Congressman Mike Carey and S. 615, led by Senator Ted Cruz, Senate Majority Whip John Barrasso, Senator John Cornyn, and Senator Mike Lee, would terminate the taxes. We encourage lawmakers to swiftly adopt these provisions as part of the budget reconciliation process.

Sincerely,

American Chemistry Council

Agricultural Retailers Association

Alliance for Chemical Distribution

American Fuel & Petrochemical Manufacturers

Battery Council International

Household & Commercial Products Association

Institute of Makers of Explosives

National Association of Manufacturers

Ohio Chemistry Technology Council

Printing United Alliance

Spray Polyurethane Foam Alliance

The Fertilizer Institute

U.S. Chamber of Commerce

Vinyl Institute