



August 11, 2021

TO THE MEMBERS OF THE UNITED STATES HOUSE OF REPRESENTATIVES:

The American Chemistry Council (ACC), the primary trade association representing the business of chemistry,<sup>1</sup> is encouraged to see bipartisan progress toward approving legislation that will help bring America's infrastructure into the 21<sup>st</sup> Century—including provisions that will spur the development and use of advanced materials, many of which rely on chemistry. However, we remain gravely concerned that bill the Senate passed and sent over to the House includes new taxes on materials that serve as building blocks for U.S. manufacturing. The Senate bill includes a \$14.5 billion tax on chemicals, critical minerals and metallic elements.

Make no mistake, this “pay for” is a tax that will result in America's global manufacturing competitiveness being threatened by countries like China, and consumers will pay more for a variety of goods, including some of the very items needed for infrastructure development and climate improvement. This when Americans are already struggling with spiking inflation and rising prices. This misguided ‘pay-for’ singles out the chemical industry, which has been a driver of U.S. investment and job creation over the past decade.

The U.S. chemical industry is the foundation for America's manufacturing supply chain, and the 42 chemicals, critical minerals and metallic elements identified for taxation are the building blocks for a variety of vital products, including pharmaceuticals, semiconductors, water treatment and disinfection, solar panels, refrigerants, soaps and detergents, steel, plastics, wood products, copper, cement, glass, pesticides, fungicides, rubber, paint and coatings, batteries, ceramics, textiles, light bulbs, dental fillings, fireworks and consumer electronics.

The tax will set back the very goals of infrastructure spending legislation by making infrastructure components more costly, including clean energy building blocks for renewable energy, advanced coatings, energy efficiency improvement, water delivery and purification and electric vehicle (EV) infrastructure. These new costs will be incurred when the chemistry industry is already facing depressed demand from the COVID-related recession, intensifying foreign competition, and razor-thin margins. These taxes could offset any return on sales to current producers, making these segments non-competitive in the global market.

ACC estimates that the new tax on chemicals, critical minerals and metallic elements would place a \$1.21 billion annual tax on producers, which would likely be passed through to

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<sup>1</sup> The business of chemistry is an innovative, \$565 billion enterprise that provides 544,000 skilled jobs, plus another 4.4 million related jobs, that support families and communities across America. The business of chemistry creates the building blocks for 96 percent of all manufactured goods. From life-saving medical devices to air bags and solar cells, from child safety seats to clean drinking water, chemistry is at the heart of our economy.



consumers as an added cost on their products.<sup>2</sup> It would create conditions conducive to shutdowns for 44 plants producing chemicals, minerals, metals or other materials subject to those taxes while giving an unfair advantage to foreign producers, such as China, not subject to the tax. This after a decade in which American chemistry has been an engine of U.S. economic growth and new jobs due to our investment in new factories and expansions.

ACC members are responsible for less than 2 percent of the Superfund sites listed on the National Priorities List. By taxing our products to pay to clean up others' pollution, Congress would be forcing consumers to pay more for goods they already pay a premium for, and in some cases, are facing shortages of—everything from groceries and cars to lumber and electronics. The Superfund Tax on chemicals will make nearly all these items more expensive for consumers, at a time when inflation is already causing belt-tightening across the country with consumer prices rising faster than at any point since 2008.

Congress and the White House have done an admirable job finding bipartisan middle ground on infrastructure. But, as currently drafted, the Senate bill results in new taxes on American consumers, breaking the commitment made to taxpayers by many in Congress.

We urge Congress and the Biden Administration to work with us to find ways to forestall this provision that will have far-reaching, negative consequences for our nation's economy. Legislating is hard work, and we are heartened by those Members who recognize the ill-informed approach of this punitive "pay-for." There is still time to enact an infrastructure package that achieves important national priorities while preserving the competitive strength of the U.S. business of chemistry and American manufacturing.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Jahn", with a long horizontal flourish extending to the right.

Chris Jahn  
President and CEO

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<sup>2</sup> <https://www.americanchemistry.com/Analysis-of-Reinstating-Superfund-Taxes-on-Chemicals.pdf>.