Statement for the Record

of the

National Association of Manufacturers

for the

U.S. House of Representatives
Committee on Oversight and Government Reform
Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs

Hearing on Made in the USA:
Igniting the Industrial Renaissance of the United States

April 29, 2025

The National Association of Manufacturers ("NAM") thanks the Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs of the Committee on Oversight and Government Reform for holding today's hearing to explore what policies will expand and complete the industrial renaissance of the United States, and we appreciate this opportunity to provide manufacturers' perspectives on this important topic. We ask that this statement be entered into the record for this hearing.

The NAM is the largest manufacturing association in the United States, representing manufacturers of all sizes, across all 50 states and in every industrial sector. Manufacturing contributes $2.94 trillion to the U.S. economy annually. For every dollar spent in manufacturing in the United States, there is a total impact of $2.64 to the overall U.S. economy—one of the largest sectoral multipliers in the economy. Manufacturing employs nearly 13 million people in the U.S., who earn on average almost $103,000, i.e., 18.5% more than in all private nonfarm industries. The NAM advocates for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States.[1]

Manufacturers are calling on President Trump and Congress to implement a comprehensive manufacturing strategy that would ensure that manufacturers have the predictability and certainty they need to invest, plan and hire in America. This strategy includes making President Trump's 2017 tax reforms permanent and more competitive, rebalancing federal regulations, expediting permitting reform to unleash American energy, and implementing commonsense trade policies that open global markets fairly and effectively.

1. Make President Trump's 2017 Tax Reforms Permanent and More Competitive

When President Trump signed the Tax Cuts and Jobs Act into law, it was rocket fuel for manufacturing in America and made the U.S. economy more competitive on a global scale. In 2018, manufacturing experienced the best year for job creation in 21 years and the best year for wage growth in 15 years; similarly, manufacturing capital spending grew 4.5% and 5.7% in 2018 and 2019, respectively. Manufacturers have used the savings from tax reform to grow their businesses, create

[1] See Facts About Manufacturing, available at https://nam.org/manufacturing-in-the-united-states/facts-about-manufacturing-expanded/

jobs, raise wages, add new benefits for employees, fund research and development, purchase new equipment, expand their facilities and invest in their communities.

That rocket fuel is about to run out, as key provisions have expired and others are about to lapse. If Congress fails to act, it will cost America 6 million jobs, including more than 1.1 million manufacturing jobs.[2] We must ensure these historic, pro-growth manufacturing provisions are made permanent and even more competitive so manufacturers can plan, grow and succeed.

Manufacturers call on Congress to:[3]

Make the pass-through deduction permanent—More than 96% of businesses in America are organized as pass-throughs, meaning that they pay tax at individual income tax rates. Tax reform created the Section 199A deduction to allow pass-through manufacturers to deduct up to 20% of their business income. As the pass-through deduction is set to expire at the end of 2025, Congress should make it permanent to prevent damaging tax increases on small businesses.

Maintain a globally competitive corporate tax rate—Prior to tax reform, the U.S. had one of the highest corporate tax rates in the entire world, making the U.S. an expensive and uncompetitive place to do business. Tax reform reduced the corporate rate from 35% to 21%, stimulating economic activity here at home and bolstering America's competitiveness on the world stage. The 21% corporate rate is not scheduled to expire; however, some policymakers have suggested raising the corporate rate. The U.S. simply cannot afford to return to a corporate tax system that punishes manufacturers for investing and creating jobs here in America.

Protect pass-throughs by keeping individual tax rates low—Tax reform reduced income taxes for every American making more than $10,000 per year. Cutting taxes for American families bolstered spending power and financial security for manufacturing workers across the country and eased the tax burden on pass-through manufacturers, who generally pay tax at the top individual tax rate. The combination of the reduction in the top rate and the 20% pass-through deduction resulted in significant tax savings for these small businesses—enabling them to invest in new equipment, machinery, facilities and job creation. Individual tax rates are scheduled to increase to pre-2017 levels at the end of 2025. Congress must prevent these damaging tax hikes on manufacturers and manufacturing families.

Reinstate immediate R&D expensing—For nearly 70 years, manufacturers in the U.S. were able to fully deduct their R&D expenses in the year incurred. But first-year R&D expensing expired in 2022, and manufacturers are now required to spread their R&D deductions over several years—making R&D investments significantly more expensive, especially for small and medium manufacturers. This harmful change increases the cost of conducting R&D in the U.S. at a time when our global competitors are offering robust R&D incentives—like China's 200% "super deduction." Manufacturers perform more than half of all private-sector R&D in the United States. Congress must act to restore immediate R&D expensing and preserve America's leadership in R&D and innovation—and the economic growth that comes with it.

Restore full expensing—Tax reform allowed manufacturers to immediately expense 100% of the cost of capital equipment purchases, enabling them to purchase new equipment and expand their shop floors, leading to increased productivity and job creation. But full expensing began phasing out in 2023 and will expire completely in 2027, while other countries are implementing permanent full expensing. Congress must restore full expensing to incentivize and support critical investments in equipment and machinery.

[2] See https://nam.org/issues/tax/
[3] For more details on manufacturers' 2025 tax agenda, see What's At Stake, available at https://nam.org/wp-content/uploads/2024/11/Whats-at-Stake-Tax-Compendium.pdf

Improve interest deductibility—Tax reform allowed companies to deduct interest on business loans, up to a cap. This cap was significantly reduced in 2022, making debt financing much more expensive. This change made it more costly and difficult for manufacturers to invest in growth and expansion. Congress must support the debt financing necessary to get job-creating projects off the ground by restoring the 2017 interest deductibility standard.

Preserve the estate tax exemption threshold—The estate tax harms family-owned manufacturers by forcing the next generation to pay tax on a business and its assets when a loved one passes away. Tax reform increased the value of assets that can be passed on without incurring the estate tax, which allowed family-owned manufacturing businesses to avoid having to sell assets like equipment and machinery to pay the tax. The estate tax exemption threshold is scheduled to be reduced by half at the end of 2025. Congress should protect family-owned manufacturers by preserving the increased exemption threshold or by eliminating the estate tax altogether.

Preserve international tax reforms—Tax reform's international provisions made it easier and more cost-effective for manufacturers to locate their headquarters, assets and intellectual property in the United States. But tax increases on globally engaged manufacturers are scheduled to take effect at the end of 2025 that will make America a less attractive, more expensive home for manufacturing investment. Congress must preserve an international system that bolsters, rather than undermines, America's global competitiveness.

2. **Rebalance Federal Regulations**

Manufacturers are committed to commonsense regulatory reforms that protect the environment and ensure public health and safety, while also promoting economic growth and job creation.

In 2022, the NAM published a study that estimated the annual cost of federal regulations for manufacturing firms to be roughly $350 billion. The study also found that manufacturers bore a disproportionate share of the regulatory burden—over $29,000 per employee per year—and that burden was heaviest on small manufacturers, or those with fewer than 50 employees—an estimated $50,100 per employee per year.

Reforming our regulatory system so that manufacturers are not exhausting time and resources to comply with inefficient, duplicative and unnecessarily burdensome regulations is a key pillar of a more competitive economy. It would help manufacturers reallocate current compliance funds toward employee compensation and hiring, investment, R&D, sales and marketing, enhancing price competitiveness and improving return on investment.

President Trump has taken action already to streamline burdensome regulations, starting with lifting the previous administration's liquefied natural gas export ban, but we need to move further and faster to deliver on our industry's potential. In response to the President's call for industry input on a new era of balanced, sensible and pro-growth regulation, the NAM reached out to 10 key federal agencies—the Departments of the Interior, Energy, Labor, Health and Human Services, and Treasury, the Environmental Protection Agency, the Securities and Exchange Commission, the Cybersecurity and Infrastructure Security Agency, the National Institute of Standards and Technology, and the Federal Trade Commission—highlighting at least 44 burdensome and outdated regulations that are driving up costs and undermining manufacturing competitiveness, and which should be revised or rescinded under Executive Order 14219, "Ensuring Lawful Governance and Implementing the President's 'Department of Government Efficiency' Deregulatory Initiative."[4]

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[4]The full compendium of letters detailing the shortcomings of each of the 44 regulations can be found at https://documents.nam.org/regs/NAM_Executive_Order_14219_Regulatory_Recommendations_04-17-25.pdf

3. **Expedite Permitting Reform to Unleash American Energy**

President Trump's creation of the National Energy Dominance Council[5] demonstrates his commitment to American energy leadership and manufacturing growth, but there is more work to do. America should be the undisputed leader in energy production and innovation, but we will not reach our full potential without permitting reform. We are seeing opportunities for energy dominance fade in the face of a permitting process that takes 80% longer than other major, developed nations.

The NAM strongly supports an all-of-the-above approach to the nation's energy portfolio—one that utilizes our abundant and affordable natural gas resources; taps into the nation's significant mineral wealth to secure supply chains and drive technological innovation; supports existing resources like oil, gas, nuclear, geothermal, solar, wind and battery storage; and provides pathways to commercialization for nascent technologies like hydrogen and advanced nuclear reactors. All these energy sources will be critical to ensuring the successful build-out of AI data centers in America while powering the other energy-intensive sectors of the economy.

There are challenges with permitting the energy generation projects that will harness these energy sources, along with building out the transmission and distribution infrastructure to get the power to customers. As such, the NAM strongly encourages Congress to pursue legislative reforms that align with our permitting principles, and we welcome further engagement to discuss these principles in greater detail:

- Expediting judicial review;
- Accelerating the permit process for needed energy infrastructure, including more transmission lines, pipelines and permanent carbon sequestration sites;
- Providing regulatory certainty;
- Creating enforceable deadlines;
- Increasing the use of categorical exclusions to the National Environmental Policy Act process;
- Unlocking access to domestic critical materials, including on federal lands;
- Streamlining the Clean Water Act.

Streamlining permitting processes, cutting red tape, requiring that federal agencies make timely decisions and reducing the potential for baseless litigation will help prevent years-long delays that undermine the ability of manufacturers to compete globally.

4. **Implement Commonsense Trade Policies That Open Global Markets Fairly and Effectively**

Building things in America only works if we can sell them around the world. That is why manufacturers urge President Trump and Congress to provide greater predictability and a clear runway to allow companies to adjust to new trade realities, while also making way for achieving zero-tariff treatment for manufacturing trade, scoping out of any tariffs the critical inputs needed to make things in America, and supporting investments here in the U.S.

Specifically, manufacturers recommend that the U.S.:[6]

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[5] Executive Order Establishing the National Energy Dominance Council, available at https://www.whitehouse.gov/presidential-actions/2025/02/establishing-the-national-energy-dominance-council

[6] For more details on manufacturers' trade policy recommendations, see the NAM's March 11, 2025 submission to the United States Trade Representative on unfair trade practices, available at https://documents.nam.org/IEA/NAM%20Submission%20to%20USTR%20Reciprocal%20Tariff%20FRN%20March%2011%202025%20Final.pdf?

As a priority for the manufacturing sector, negotiate reciprocal zero-for-zero tariff terms—Improving the terms of trade for manufacturing exports is vital for overall U.S. economic health. Manufacturers exported $1.3 trillion to our top 25 markets in 2023: not all of those trading partners give us zero tariffs on manufacturing goods, but many seem ready to do that now. We have a window of opportunity over these 90 days to negotiate deals. Negotiations toward reciprocity would benefit manufacturers in the U.S. that export to, and import certain key components and manufacturing inputs from, these top trading partners.

Ensure tariff-free access to foundational manufacturing inputs—The U.S. should seek to achieve reciprocity while not impairing manufacturers' ability to expand production in the U.S.: to deconflict these objectives, it will be important to take out of scope products and sectors of interest from new tariffs. For example, often overlooked is the fact that we import specialized machinery for factory floors and even the construction equipment to break ground and expand plants in the U.S. Preserving access to these inputs, which are necessary to make things in America, on a tariff-free basis would prevent supply chains from being disrupted and would mitigate unnecessary scarcity and shortages.

Provide opportunities for manufacturers to offset any new tariff costs as they invest in their operations in the U.S.—Established manufacturers seeking to expand operations, nascent businesses starting production, and firms considering relocating operations to the U.S. all need access to capital. The Administration and Congress should consider a tariff rebate or a similar incentive to accelerate investment. Any tariffs that remain in place could be rebated to build confidence for companies to proceed with investment plans. The NAM stands ready to work with the Administration and Congress to further develop these options.

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The NAM commends the Subcommittee for recognizing the importance of championing manufacturing in the United States, and manufacturers look forward to working with Congress and the Administration to advance policies that support this renaissance.