

I want to begin by thanking Chairman Smith, Ranking Member Neal, and Members of the Ways and Means Committee for giving me the opportunity to testify before you today as you consider various tax, trade, and health care legislative items. I am here today to discuss my bill, the *USA Batteries Act*, which would reverse a tax on domestic manufacturers that hurts good paying American jobs and provides an unfair advantage to cheap imports from countries that hurts good American jobs and provides an unfair advantage to cheap imports from countries with lax environmental and labor laws.

The United States is the world leader in many industries, including technology, aerospace, aviation, agriculture – and up until recently, lead batteries. Unfortunately, a recent change to tax policy has given foreign manufacturers of lead batteries an unfair advantage over American battery manufacturers. As part of the Infrastructure, Investment and Jobs Act, a superfund tax was levied on forty-two chemicals including lead oxide, sulfuric acid, and antimony, which are the primary inputs in lead batteries. This excise tax, which had not existed for more than twenty-five years, suddenly returned to twice the previously enacted level. Alongside the Superfund Chemical Tax, which has forced American lead battery manufactures to pay significantly higher prices for raw materials than their foreign competitors. These manufactures are also faced with unprecedented economic pressure, supply chain disruptions, and workforce challenges.

Lead batteries are used in everything from vehicles, telecommunications, defense, and energy generation. The battery industry is composed of many small businesses employing 38,000 Americans across thirty-eight states with an annual economic output of \$33 billion.

Pennsylvania's 9th Congressional District is home to two leaders in the lead battery industry, EastPenn and EnerSys, whose combined employees a total of 20,000 people in Pennsylvania.

Alongside my district, battery manufacturers can be found across the country including in Missouri, Tennessee, and Washington.

Lead batteries are also a truly sustainable energy source, as ninety-nine percent of lead batteries are recycled for use in new batteries or other products. These batteries also provide sixty percent of the rechargeable battery market and are often used in a variety of green applications.

Congress must take steps to ensure that U.S. battery manufacturers have a fair playing field compared to foreign manufacturers that are mainly located in China. Currently, China accounts for forty-five percent of the world's total production capacity of lead batteries and seventy-seven percent of the world's total production of lithium-ion batteries. Placing burdens on American battery manufacturers puts them at a distinct disadvantage with their foreign counterparts causing the United States to cede ground in yet another important industry.

To correct this disparity, I respectfully ask the Ways and Means Committee to advance the *USA Batteries Act*, which would simply eliminate the Superfund Chemical Tax on lead oxide, antimony, and sulfuric acid, the main inputs in lead batteries. This would make the raw materials in batteries more affordable for American manufactures, doing away with an unfair advantage for foreign counterparts, making the industry more competitive.

In addition to my *USA Batteries Act*, I would be remiss not to mention the need to restore the full R&D tax credit. In 2021 alone, the U.S. battery industry invested \$113 million in R&D expenses to pursue next generation battery technology. I was glad to see the restoration of the full R&D tax credit included in the Ways and Means passed Build It in America Act and encourage my colleagues to continue efforts to restore this important tool for small businesses. Additionally, bonus depreciation is set to decrease twenty percent annually through 2027. As you

all know, unless Congress acts soon, private sector innovation, especially within the small business economy, will be hamstrung and unable to fully invest in R&D.

It is critical that we encourage investment in and protect American manufacturing and jobs.

Thank you for the opportunity to testify before you today, and I look forward to working with the Committee to find a solution to this critically important issue.