

Crapo Statement at Domestic Manufacturing Hearing
March 16, 2021

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing entitled, “Made in America: Effect of the U.S. Tax Code on Domestic Manufacturing.”

The text of Ranking Member Crapo’s remarks, as prepared, is below.

“Thank you, Chairman Wyden, and your staff for collaborating with us on this bipartisan hearing.

“There are many areas within the Finance Committee’s jurisdiction that are ripe for bipartisan support this Congress and I look forward to working with you on those through regular order.

“Today’s hearing will focus on the role of tax incentives for domestic manufacturing.

“The manufacturing sector is critical to the U.S. economy.

“In 2019, the manufacturing sector accounted for 11 percent of GDP.

“The U.S. has experienced a net loss of manufacturing plants in every year from 1998 through 2018.

“The decline in domestic manufacturing jobs may be attributable to a number of factors, including increased automation and productivity, labor costs and taxes.

“Taxes can play a significant role in a company’s site selection process.

“Prior to the Tax Cuts and Jobs Act of 2017, the United States had one of the highest corporate income tax rates among developed countries.

“Also before TCJA, the U.S. confronted pressures for domestic firms to invert or be acquired by foreign companies, leading to U.S. headquarters and jobs going abroad.

“Today, as a result of TCJA, the United States now has a flat 21 percent corporate income tax rate. Pressures for inversions and acquisitions abated.

“Yet, despite the decreased rate, the U.S. still holds the 11th highest corporate tax rate among developed countries.

“The statutory corporate income tax rate is critical to the United States’ competitiveness in the global market.

“Another key aspect to our competitiveness is capital investment.

“The Internal Revenue Code has a number of tax incentives for capital investment, which, when paired with a competitive corporate tax rate, are essential to promote domestic manufacturing.

“President Biden’s recent executive order notes a growing concern about the supply of semi-conductors.

“This is an area of bipartisan interest, and I welcome the opportunity to work with Chairman Wyden on this.

“For example, last year, Senators Cornyn and Warner introduced S. 3933, the Creating Helpful Incentives to Produce Semiconductors for America Act (CHIPS Act), which would create a 40 percent refundable investment tax credit for qualified semiconductor equipment or any qualified semiconductor manufacturing facility investment expenditures.

“This bill had seven Republicans and five Democrats as co-sponsors.

“Another example—just this month, Senators Manchin, Stabenow and Daines introduced S. 622, the American Jobs in Energy Manufacturing Act, which offers an \$8 billion increase to the Section 48C Advanced Manufacturing Tax Credit available to manufacturers and other industrial users to retool, expand or build new facilities that make or recycle energy-related products.

“Micron, Intel and other American semiconductor manufacturers are operating in an increasingly competitive and sometimes unscrupulous market. Only a couple of years ago, Chinese state-owned companies stole trade secrets from Micron in an effort to gain an advantage against leading producers of a sought after technology.

“Helping U.S. companies strengthen their supply chains to better protect these critical technologies is vital to safeguarding national security and the health of our economy.

“Chairman Wyden, we have a great panel here, representing a comprehensive range of perspectives from the business community, academia as well as labor.

“I look forward to hearing their thoughts as we consider various tax proposals that can help to address the global semiconductor shortage, supply chain issues and encourage domestic manufacturing activity.

“Thank you, Mr. Chairman.”

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