

Aric Newhouse

Senior Vice President
Policy and Government Relations

September 10, 2021

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Pelosi and
Minority Leader McCarthy,

On behalf of the National Association of Manufacturers, I write to express our industry's deep concern regarding the REDUCE Act of 2021 (S. 2645). The NAM is the voice of the manufacturing community and the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create opportunities for the millions of women and men who make things in America.

Manufacturers believe that the primary purpose of federal tax laws should be to raise revenues from as broad and fair a base as possible and in a manner that does not unfairly burden specific products or sectors of the economy. The REDUCE Act violates this principle by imposing a new tax on a specific segment of the manufacturing economy. Specifically, it creates a new excise tax on resins manufactured in the U.S. This will have broader negative impacts across the supply chain for manufacturers who rely on plastic resins to make everything from personal care products and electronics to medical packaging and safety equipment. Plastics are critical to giving people cleaner, safer and more equitable lives.

As a matter of general principle, industry- or product-specific taxes inhibit the growth of the targeted sector, impede the ability of targeted companies to compete globally, distort resource allocation and complicate the tax code. Moreover, excise taxes directly harm American workers and consumers. As the Urban-Brookings Tax Policy Center has noted, an "excise can either raise the total price (inclusive of the excise tax) consumers pay or reduce the business revenue available to compensate workers and investors"¹. The Tax Policy Center's analysis finds that bulk of the economic cost of

¹ Urban-Brookings Tax Policy Center, [Who Bears the Burden of Federal Excise Taxes?](https://www.taxpolicycenter.org/briefing-book/who-bears-burden-federal-excise-taxes)
(<https://www.taxpolicycenter.org/briefing-book/who-bears-burden-federal-excise-taxes>)

current federal excise taxes is borne by the bottom 80% of taxpayers. Adding to this burden would be a direct violation of President Biden's pledge to not raise taxes on Americans making less than \$400,000 per year.

For these reasons, we urge you to oppose including the provisions of S. 2645 or similar measures in reconciliation legislation. Manufacturers are committed to continuing to work with you on strategies to drive circularity and eliminate plastic waste in our environment, but this approach fails to achieve those goals.

Sincerely,



Aric Newhouse
Senior Vice President

CC: The Honorable Tom Carper, Chair, Committee on Environment and Public Works
The Honorable Shelley Moore Capito, Ranking Member, Committee on Environment and Public Works
The Honorable Ron Wyden, Chair, Committee on Finance
The Honorable Mike Crapo, Ranking Member, Committee on Finance
The Honorable Frank Pallone, Chair, Committee on Energy and Commerce
The Honorable Cathy McMorris Rodgers, Ranking Member, Committee on Energy and Commerce
The Honorable Richard Neal, Chair, Committee on Ways and Means
The Honorable Kevin Brady, Ranking Member, Committee on Ways and Means