



United States Manufacturing Council

16 December 2015

The Honorable Penny Pritzker
Secretary of Commerce
United States Department of Commerce
Washington, DC 20230

Dear Madam Secretary,

The Manufacturing Council (Council) respectfully requests that the Department of Commerce lend its support in urging Congress to renew and extend certain expired and expiring tax provisions, commonly known as tax extenders, with all due speed.

Tax treatments are a critical component of ensuring the stability and competitive edge of the United States manufacturing base. Congress last extended these tax provisions temporarily through the Tax Increase Prevention Act of 2014 (P.L. 113-295) on December 19, 2014, which retroactively applied and extended tax provisions that had expired at the end of 2013 available to taxpayers for 2014. Many of these provisions have now either expired or are about to expire imminently. On July 21 of this year, the Senate Finance Committee approved a legislative package providing for a two-year extension of more than 50 expired tax provisions addressing, among other areas: the research and development tax credit, Section 179 small business expensing, bonus depreciation, deferral for active financing, the Section 954(c)(6) “look-through” rule, and various energy-related tax breaks. In September, the House Ways and Means Committee approved a package of bills that seeks to permanently renew several, albeit not all, of the tax extenders. At this time, the timing on Congress’ agreement and passage of final, fully reconciled legislation implementing tax extenders is uncertain.

Failure to extend these provisions is equal to a tax increase. Further, as in prior years, the repeated last-minute approach taken by Congress with respect to passing tax extenders, even when applied retroactively, injects instability and uncertainty into the economy and undermines business confidence leading to weakness in the employment marketplace. For these reasons, in addition to seeking the immediate renewal of the expired tax provisions, the Council further makes the following specific recommendations:

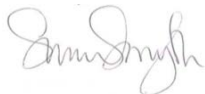
- Renew and pass immediately an extension of the expired and expiring tax provisions either for a multi-year period or permanently;
- Seek establishment of a permanent and competitive R&D tax credit;

- Establish a more equitable treatment of small businesses filing under Subchapter S of the tax code and limited liability companies in areas such as expensing of certain investments; and
- In particular, seek to make permanent and enhance: the Research and Experimentation Tax Credit, Section 179 Depreciation Deduction, and Section 199 Deductions, as further discussed and recommended previously in the Council's January 14, 2014 and October 15, 2014 Recommendation Letters.

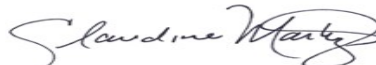
Consistent and sustained treatment of these tax provisions would create predictability in the business tax environment in the United States, which in turn would foster economic growth and market confidence. Such stability would provide the U.S. manufacturing industrial base, particularly small and medium enterprises with the necessary incentivization to invest in new projects, deploy new technologies, and strengthen the U.S. economy overall by facilitating the ability for the broader business community to make longer-term plans and investments given a more stable tax environment.

The expired and expiring tax provisions are critically important to the U.S. manufacturing industry, other U.S. job creators, and the broader economy. They should be renewed as soon as possible this year. We urge all Members of Congress to work together to extend, for a multiyear basis, and where possible enhance or make permanent, these important tax provisions.

Respectfully submitted,



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Chair, Manufacturing Council



Claudine Martinez
Vice-Chair, Manufacturing Council



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Co-Chair, Trade, Tax Policy,
and Export Growth Subcommittee



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Co-Chair, Trade, Tax Policy,
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