

CMA Weekly Update



CMA Weekly Update – May 14, 2021

In the NAM's State of Manufacturing Address earlier today, NAM President and CEO Jay Timmons spotlighted manufacturers' leadership and laid out our priorities to the nation. The broadcast also featured manufacturing leaders and team members from across the United States and Maryland Gov. Larry Hogan. Viewers also got a brief look at a vaccination [clinic](#) for frontline manufacturers hosted at nearby Orlando Products. If you missed it, you can view the full event [here](#).

Key Issues

25% Corporate Tax Rate Also Leads to Job Losses – The NAM is out today with a new study that shows that proposed tax increases would inflict significant damage on the American economy.

The new analysis calculated the effects of increasing the corporate tax rate to 25%, increasing the top marginal tax rate, repealing the 20% pass-through deduction, eliminating certain expensing provisions and more. The negative consequences would include the following:

- One million jobs would be lost in the first two years.
- The average reduction in employment would be equivalent to a loss of 500,000 jobs per year over the next decade.
- By 2023, GDP would be down by \$107 billion, by \$169 billion in 2026 and by \$89 billion in 2031.
- Ordinary capital, or investments in equipment and structures, would be \$70 billion less in 2023 and \$70 billion and \$51 billion less in 2026 and 2031, respectively.

This [study](#) follows a previous NAM analysis of provisions that included a 28% corporate rate. We're pleased to share a copy of this study with you highlighting its full findings, which is now available [here](#).

Pipeline Cyberattack Exposes Vulnerabilities in U.S. Infrastructure The Colonial Pipeline has restarted following an unprecedented ransomware [attack](#) last week that forced the largest supplier of oil to the Northeast region of the United States—Colonial Pipeline—to halt operations. This week, the full

implications and repercussions of the attack are beginning to come to light. According to the U.S. Cybersecurity & Infrastructure Security Agency ([CISA](#)), “[r]ansomware is an ever-evolving form of malware designed to encrypt files on a device, rendering any files and the systems that rely on them unusable. Malicious actors then demand ransom in exchange for decryption.”

Manufacturers of all sizes across sectors have faced increased ransomware attacks. The NAM’s cyber partner, [Coalition](#), which provides risk assessments and cyber insurance to small and medium-sized manufacturers, said ransomware incidents accounted for 41% of cyber-insurance claims filed by manufacturing entities with Coalition in the first half of last year, and the average ransom demand increased 2.5x from 2019 to 2020. In this short [interview](#), Linda Kelly, NAM’s general counsel, and Todd Boppell, NAM’s COO, discuss what makes this the most robust program for manufacturers and associations alike, and ultimately caused NAM to make the change to this program.

- You can [request](#) the Cyber Risk Assessment for your own organization and see the information that the NAM used to evaluate its cyber posture and how you can strengthen your own association.

OSHA’s Covid-19 Emergency Regulations Remain Under Review In line with guidance and advocacy from the NAM, OMB has decided to spend more time reviewing the emergency temporary standard (ETS), granting a series of new meetings with union and business groups, even as the pandemic begins to show signs of subsiding and vaccination rates continue to rise. The NAM has cautioned that the standard must allow OSHA to quickly respond to medical guidance that evolve as vaccinations become more commonplace. Learn more [here](#).

Survey of Manufacturers and Vaccine Policies The NAM has been collecting information on how manufacturers are responding to the increasing availability of vaccines, and we wanted to share the findings should you find them helpful. Among the sampled companies, 96% are encouraging their employees to get vaccinated, although none are mandating vaccination. Two-thirds (67%) of manufacturers have offered incentives, including paid time off, to employees to encourage vaccination, and 88% have not relaxed COVID-19 safety restrictions. The vast majority (90%) are not planning on treating vaccinated employees differently than unvaccinated employees. For more information, please [contact](#) NAM Director of Labor and Employment Policy, Drew Schneider.

Advocacy Opportunities

Goodbye Right to Work, Hello Card Check Please join the NAM on May 21 from 11 – 12:15 eastern for a policy briefing on the Protecting the Right to Organize Act, aka the PRO Act. The threat of the PRO Act becoming law is real. If

it is enacted, manufacturers won't recognize their workplaces. Employers would be silenced from talking to their employees on some key HR issues. Workplaces could even be forced to unionize. NAM Director of Labor and Employment Policy Drew Schneider will discuss the NAM's efforts to defeat this legislation and what you can do to join our fight. You can register to attend the briefing [here](#). For more information, please contact [Drew Schneider](#).

Protect Business Interest Deductions A key priority for the NAM is preventing certain scheduled tax law changes from taking effect. One such change is the limit on business interest deductions, which currently stands at 30% of earnings before interest, taxes, depreciation and amortization ("EBITDA"). Starting in 2022, maximum interest deductions will be limited to 30% of earnings before interest and taxes ("EBIT"). Disallowing the addback of depreciation and amortization into the base of the Section 163(j) calculation will harm manufacturers.

We encourage CMA partners to contact Capitol Hill to highlight the urgent need for action and to describe the negative impact of the pending change to Section 163(j). To assist the members of the working group in their outreach, we urge you to share any scheduled congressional meetings and relevant notes to track our collective outreach. For more information, please contact [Graham Owens](#), NAMs Director, Regulatory, Tax and Domestic Policy.

Defend Manufacturers Against Tax Hikes After tax reform, manufacturers kept our promises to create jobs, increase wages and benefits and invest in our communities. We want to build on that progress—not reverse it.

To help facilitate your organization's shared efforts to protect manufacturers from tax hikes, we've prepared the following resources for you to draw from as you see fit:

- [Topline findings](#) from our latest tax study.
- [Action Tool](#) for your members to contact their members of Congress to share the results of the study.
- Share these graphics ([Graphic 1](#) | [Graphic 2](#)) with those messages on social media. (Right click and "save as" to download.)
- Sample social media messages to post to Facebook, Twitter, LinkedIn and other appropriate channels below:
 - If we undo 2017 tax reform, 1 million jobs will be lost in the first two years — and 500,000 more jobs every year after that over the next decade. See more from @ShopfloorNAM's latest [study](#).
 - Manufacturers are leading the country's economic recovery from COVID-19. Proposed tax hikes would undermine that growth — and

manufacturers would lose out on jobs, growth and raises. Learn more about [Protecting Manufacturing Jobs](#).

[Let us know](#) if we can provide you with additional resources to engage your members.

CMA Member Highlights

- In a [letter](#) to the Biden Administration, **Consumer Brands Association** called on the White House to work with the consumer packaged goods (CPG) industry to ease cost pressures caused by increases in commodities pricing, port congestion and other transportation challenges. The letter follows the release of the April Producer Price index which showed a 6% jump in producer prices, the largest increase since the Bureau of Labor Statistics began tracking the data in 2010.
- The **Glass Packaging Institute** recently announced their "[A Circular Future for Glass](#)" initiative. The sustainability initiative is a ten-year roadmap to increase US glass recycling, with a bold goal to get from a 31% recycling rate to 50% by 2030.

The NAM provides this weekly update with key content for our association partners. This is also a platform to highlight work of our CMA partners. [Shoot us a note](#) on any initiatives or messages that your organization has launched that we can share with others.