



Support U.S. Manufacturers Recovering from COVID-19 Crisis

MESSAGE TO CONGRESS:

Congress should take immediate action and make changes vital changes needed to the Paycheck Protection Program

Access to capital and other incentives to restart and recover business activities is essential

Support onshoring and reshoring initiatives to encourage investment in American manufacturing, workers, and supply chains

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The global pandemic is a crisis unlike any other in recent memory. Numerous manufacturers were deemed Essential Critical Infrastructure by the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) and have remained open throughout the national health emergency, many to produce vital equipment and devices needed in the battle against COVID-19.

However, according to a May 12-15, 2020 survey only 36% of One Voice members are actively receiving new orders and 56% expect customer disruptions to continue for the next 2-6 months. Manufacturers need support to help restart and strengthen the industry.

Small businesses account for 48% of American jobs and account for 44% of U.S. economic activity. While smaller firms are vital to the U.S. economy, many have little or no financial cushion to carry them through these times. Since the launch of the Paycheck Protection Program (PPP), 91% of One Voice members have reported receiving a loan to help address this very issue. Of those receiving a loan, 83% report the PPP has allowed the company to retain employees they would otherwise furlough or let go. When the PPP funding runs out, 41% of respondents will furlough or let go employees, while 30% are unsure if they will retain those employees. Changes are needed to this vital program to ensure that can remain open and continue to pay and support employees.

To help support the recovery of American manufacturers Congress should:

PPP Loan Changes

- Allow the deductibility of wages, rent, utilities as expenses under IRC 265. The IRS decision to not permit the deduction under PPP increases the tax liability for pass-through businesses, such as S Corporations, by a tax rate increase as high as 37% and for C-Corporations, an increase up to 21%;
- Not impose a revenue test as part of a certification of need as manufacturers applied in good faith;
- Enhance the Employee Retention Credit and permit recipients of the PPP to claim the credit;
- Make 501(c)(6) non-profit trade associations eligible for PPP loans. Trade associations employ millions of Americans and during COVID have provided invaluable services to countless small businesses who turned to their trade association for guidance and information on government resources available.

Restarting U.S. Manufacturing

- Make permanent 100% bonus depreciation expensing for qualified property. Equipment for manufacturers can cost anywhere from \$100,000-\$10 million, with orders being placed 18 months prior to placing into service;
- Create government guaranteed long term low interest loans: uses include equipment, tools, materials, R&D, facility improvements/expansions. Because of low orders and little demand, cash flow is tight for purchasing raw materials. Need access to capital to restart;
- Create a new tax credit to support the onshoring of manufacturing activities, such as moving operations to the U.S. or investing in capital equipment, to support the purchase of property, facilities and more;
- Provide tax incentives to help companies recruit and train the skilled workforce needed to expand modern manufacturing in the U.S.;
- 6.2% payroll tax holiday for March-December 2020;
- Make General Business Credits Refundable (General Business Credits include: R&D, investment, work opportunity, renewable, new markets, etc.);
- Establish business liability protection for employers who follow OSHA/CDC guidelines specific to their industry.