

# OUR VISION FOR AMERICA'S MANUFACTURING FUTURE

*Ideas and proposals to strengthen  
America's manufacturing sector, create new  
jobs, and grow our economy for  
generations to come.*

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# The Importance of American Manufacturing

There is a jobs crisis in America. In every town, village and city we visit, people of all ages have said the same thing: “We need good jobs and career opportunities.”

The lack of good middle class jobs has resulted in wage stagnation for too many Americans, which has created uncertainty about the future of our country. That is not right; we can and must do better by working to create quality, family sustaining jobs for generations to come.

For the United States to maintain its status as the economic leader of the world, we must commit to promoting economic growth and opportunity for all Americans. We believe that advanced manufacturing offers a great opportunity to accomplish this goal, by revitalizing our economy and ensuring that our country remains *the* global economic superpower.

Manufacturing has been and will continue to be fundamental to America’s economic strength and prosperity. The manufacturing sector has shown signs of growth in recent years, driven by strong domestic energy production and an efficient workforce. In 2014, manufacturing contributed \$2.09 trillion to the American economy, the highest amount ever, and supported an estimated 17.2 million workers, about one out of every six jobs.

*Our Vision for America’s Manufacturing Future* lays out ideas and proposals to create new jobs and economic opportunities by promoting American advanced manufacturing. This will empower our manufacturers to “make it here and sell it there.”

To accomplish this shared goal, we must:

- Build on the success of the Revitalize American Manufacturing and Innovation Act
- Facilitate public-private partnerships between academic institutions, business leaders, entrepreneurs, and government agencies
- Promote investments in research and development
- Reform the broken federal tax code
- Ensure that government regulations do not hurt American businesses
- Prioritize American interests in trade agreements

These ideas and proposals will strengthen America’s manufacturing sector, create new jobs, and grow our economy for generations to come.

## I. The Revitalize American Manufacturing and Innovation Act

In December 2014, Congress took a critical step toward developing the next generation of manufacturing technologies by sending the **Revitalize American Manufacturing and Innovation Act** (RAMI) to the President's desk. Our office led this initiative, in conjunction with Rep. Joe Kennedy (D-MA) and Senators Roy Blunt (R-MO) and Sherrod Brown (D-OH), to ensure that America is not left behind when it comes to investing in the future of manufacturing technology.



*Reed discusses job creation and the manufacturing process with owners and employees at Hope's Windows, Inc. in Jamestown.*

RAMI authorized the creation of manufacturing innovation hubs across the country to focus on specific technologies, including nanotechnology and advanced ceramics, composites, optics, and photonics. Startup funding for the hubs is awarded to a university-led consortium of public/private sector stakeholders, including manufacturers, research institutions, workforce development agencies, non-profit organizations, and other government agencies. Each group is required to submit a competitive application that meets the core goals of the legislation. These applications are judged on the ability to commercialize the technology, and shows that the hub will be sustainable after the initial award of startup funds.



*Reed visits Cornell University's Fiber Science Department to review research being conducted in high-tech textiles and fabrics. The research is part of the **National Networking for Manufacturing Innovation (NNMI)** which was placed into law by Reed's Revitalizing Advanced Manufacturing and Innovation Act which was signed into law in 2014.*

The national network of these advanced manufacturing hubs is being administered by the Department of Commerce. There are already nine institutes, including consortiums that focus on the fields of photonics, flexible electronics, digital technology, fabrics and textiles, 3D printing, smart sensors, lightweight materials, semiconductors, and composites.

It is critical that Congress continues to support investments in RAMI to ensure more hubs are established to capitalize on the limitless benefits offered by American advanced manufacturing.

## II. Prepare the Next Generation for Career Opportunities

Workforce development is a crucial component of ensuring our investments in manufacturing provide positive returns. We must enable students and young people to acquire the tools and knowledge. One of the primary concerns that manufacturers articulate is that job applicants often do not possess the skills necessary to fill the available jobs. By making a concerted effort to promote workforce development, will bridge this gap and the next generation of workers will have the opportunity to achieve career opportunities in American advanced manufacturing fields.

To support this effort, Congress should:

- 1) Reauthorize and update the **America COMPETES Act**. **COMPETES** will coordinate Science, Technology, Engineering, and Math (STEM) education programs by establishing a STEM Education Advisory Panel.



*Reed discusses trades apprenticeship programs for sheet metal machinists at town hall meeting in Elmira.*

- 2) Support apprenticeship and mentoring programs. Programs will provide valuable on-the-job training and education for people entering advanced manufacturing fields. These hands-on learning programs allow prospective employees to gain skills from experienced workers already in these fields. This helps to ease the transition and smooth out the learning curve that many new employees face upon entering new fields of employment. Policy proposals should mirror the **Train the Future Act** and the **Leveraging and Energizing America's Apprenticeship Programs Act**, which encourage employers who take on apprentices and engage in mentorship programs.
- 3) Continue supporting the **Revitalize American Manufacturing and Innovation Act (RAMI)**. One key component of RAMI is the program's engagement with workforce development agencies. RAMI applicants must demonstrate how the appropriate job training programs will be integrated into the consortium and how the hub will engage with colleges and universities to ensure that degree programs and coursework are aligned with the needs of prospective employers.
- 4) Reauthorize and update the **Carl D. Perkins Career and Technical Education Act**. One proposal, the **Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act** is a step in the right direction. This bill updates how federal support is provided to career and technical education programs. It also simplifies the application process, provides more flexibility for state and local programs, and encourages program to be aligned with the industries where jobs are currently available.

### III. Invest in Research and Development

The ability to create to the next generation of innovative manufacturing products and processes is centered on research and development. A fertile landscape for research and development in the private and public sectors is necessary to ensuring that American companies remains on the cutting edge and competitive in the world economy. In addition to providing competitive advantages, strong research and development enables businesses to create new jobs across the economy. We should continue to foster research and development by:

- 1) Establishing tax policies that support research and development initiatives. The **Protecting Americans from Tax Hikes Act** was recently signed into law. This law enacted research and development tax credits that allow certain small businesses to reduce their tax liability as a result of investing in innovation. As Congress works to reform the tax code, it must continue to promote research and development efforts by American manufacturers.
- 2) By bridging the “valley of death.” The valley of death occurs between the research phases and ultimate commercialization of new technologies, products, and processes. **RAMI addresses this problem** by bringing together resources of different manufacturing components and interests, pooling resources and increasing coordination among innovators. This collaboration allows for cost sharing, ultimately making it easier to develop new products.
- 3) Supporting research at our network of public research institutions. The **America COMPETES Act** reauthorizes research programs at these agencies while ensuring tax dollars are directed toward areas of national needs.



*Reed observes a demonstration at Cornell University's Fiber Science Department which is conducting research into high-tech textiles and fabrics.*

## IV. Create a Fair, Simple and Competitive Tax Code



*Reed and Tim Ryan (D-OH) seen middle, are the bi-partisan, co-chairs of the House Manufacturing caucus. They joined together with Bloomberg for a televised discussion on the future of U.S. manufacturing.*

Our federal tax code is outdated and in dire need of reform. The last meaningful reform to our tax system was 30 years ago – in 1986.

As the rest of the world is advancing toward a more competitive tax system, the United States is being left behind. Our country currently has the highest tax rate on businesses compared to our major trading partners, which puts American companies at a severe disadvantage. This hurts domestic manufacturers by preventing them from investing in new technologies, expanding their operations, and creating new jobs. The high rates are exacerbated by a tax structure that discourages American companies from using the

profits made overseas to invest in our economy.

Congress should enact tax laws and policies that support American manufacturers, by:

- 1) Creating a tax system that puts American companies on a level playing field with their foreign competitors. This will enable domestic manufacturers to invest and create jobs in the United States. Reforms proposed in the **Blueprint for Tax Reform** will create a pro-growth, competitive tax environment for America's manufacturers to make it here, and sell it around the world. In addition, the Blueprint provides incentives for companies to manufacture and sell their products in the United States.
- 2) Lowering rates on all taxpayers. The United States has the highest corporate tax rate in the developed world, which drives our manufacturing companies overseas. By lowering rates, Congress will encourage companies to locate, manufacture, invest, and create jobs in the United States.
- 3) Spurring research and development initiatives, which are critical to creating new jobs in the manufacturing sector. Congress recently passed the **Protecting Americans from Tax Hikes (PATH) Act**, which extended and modified the research and development tax credits. We should continue tax policies which incentivize research and development.



- 4) Enhancing expensing of business investments. By passing the **PATH Act**, Congress permanently extended the small business expensing provisions of section 179. This provides small businesses with the ability to fully expense business investments in the year they made them, which will enable them to create more jobs and pay higher salaries to their employees. We should expand these expensing provisions to promote cash flow for our entrepreneurs. The Blueprint for tax reform embraces this concept by calling for the implementation of full expensing.



*Reed meets with an employee at Hilliard, a manufacturing plant in Elmira, during a site visit.*

## V. Rein in Unreasonable Regulation

One of the highest costs associated with running a business is compliance with regulations. These costs have a negative impact on a business's ability to expand and hire more workers and on the cost of their finished products being sold to consumers. More transparency and oversight must be implemented in the regulatory process to ensure that businesses know and understand the actual direct and indirect costs of agency regulations. In addition, Congress has a role to play in ensuring that the regulatory framework is reasonable, fair and accountable.

We must enact regulatory reform. Some of the steps our office has taken include:

- 1) **H R 427 - Regulations for the Executive in Need of Scrutiny (REINS) Act (Rep. Young, R-IN)**. This bill makes elected officials, instead of bureaucrats, responsible for overseeing the regulatory process. It will increase accountability and transparency by requiring Congress to approve all new major regulations.
- 2) **HR 185 - the Regulatory Accountability Act of 2015 (Rep. Goodlatte, R-VA)**. The Regulatory Accountability Act brings the public and more impacted stakeholders into the regulatory process by providing a process for administrative hearings and advanced notice of regulations.
- 3) **HR 50 - Unfunded Mandates Information and Transparency Act of 2015 (Rep. Foxx, R-NC)**. This bill requires agencies to work with state and local governments, as well as businesses in the private sector, when developing rules. It also ensures that proper costs and benefits are considered before finalizing regulations.

## VI. Foster an Environment for Growth

Federal policies should encourage communities and manufacturers to work together to support economic growth. To make this a reality, Congress should:

- 1) Encourage communities to assess and pool their public and private assets. The **Make It In America Manufacturing Communities Act**, led by Reps. David Cicilline (D-DE) and Tom Reed (R-NY) establishes a program at the Department of Commerce to improve the competitiveness of American manufacturing. This will be accomplished by designating communities that develop public-private consortiums focused on manufacturing to be given preference in federal assistance for infrastructure, access to capital, equipment upgrades, workforce training, and energy efficiency.



*Tom Reed joined Cattaraugus County Commissioner Joe Pillittere and other local officials near Olean to discuss upcoming Congressional action on legislation which funded the infrastructure needs of Western New York and the nation for 5 years.*

- 2) Provide long-term funding for road and bridge improvement projects. A strong infrastructure network will help our manufacturers bring their products to market more quickly and increase logistical efficiency. Congress recently passed the **Fixing America's Surface Transportation (FAST) Act, which invests \$305 billion over five years into our nation's highways, roads, bridges, public transportation systems.** Moving forward, Congress must continue to recognize the importance of infrastructure in spurring economic growth.
- 3) Make regular investments to improve our rivers and harbors, which will allow manufacturers to more easily and quickly move their goods to domestic and foreign markets. In 2014, Congress reformed the **Water Resources and Development Act** to provide some continuity on how water infrastructure projects are funded. We should continue the biennial process set up in the 2014 law and regularly identify improvements needed to improve infrastructure used to ship manufactured goods.

## VII. Make it Here and Sell it There

While Congress creates policies to ensure that American manufacturers are able to succeed at home we must also create a fair and level playing field for trade opportunities. When brokering trade deals our negotiators must put America first while enforcing current trade rules, allowing our manufacturers the opportunity to compete on the world stage. To support trade opportunities for our domestic producers, Congress should:



*Reed visits MD Electronics in Jamestown and listens to employees about the skills needed to excel in their fields.*

- 1) Protect domestic manufacturers from unfair trade practices. We must be sure that trade laws are properly enforced and that our competitors are playing by the rules. In the last twelve years, the United States has filed eighteen cases against China with the World Trade Organization; the U.S. has either won or successfully settled all but two of these cases, which are still pending. Policies such as the **Trade Facilitation and Trade Enforcement Act of 2015**, passed by Congress in February 2016, gives our government the tools to enforce trade laws by improving enforcement against intellectual property theft, strengthening authority against currency manipulation and modernizes customs tracking systems.
- 2) Prevent China from being reclassified as a market economy for trade enforcement purposes. China's role in dumping practices and other market distorting activities are a threat to American manufacturers and we should continue with the existing classification of non-market economy status.
- 3) Promote policies which support export opportunities for our manufacturers. The four year reauthorization of the **Export – Import Bank** in 2015 gives manufacturers across the nation access to the financial tools they may need to access foreign markets, supporting 1.4 million jobs over the past seven years. Going forward we must be sure that the bank has the tools, resources and authority to fully function in order to benefit American manufacturers.
- 4) Provide tariff relief for the manufacturing industry. The **American Manufacturing Competitiveness Act of 2016**, led by Ways and Means Committee Chairman Kevin Brady (R-TX) and Trade Subcommittee Chairman Dave Reichert (R-WA), was signed into law on May 20, 2016. The legislation establishes a new process for providing tariff relief for American businesses that must import products due to no domestic alternative. This will cut costs for manufacturers and give job creators opportunities to expand.

## VIII. Looking Ahead

We care about creating jobs and economic opportunities for all Americans. It is only right that we enact policies that ensure quality, family sustaining jobs are available to our neighbors for generations to come.

That is why we introduced *Our Vision for America's Manufacturing Future*. This vision outlines policies to improve the competitiveness of our manufacturers and empower them to make products here and sell them around the world. The proposals include workforce development programs that meet the changing needs of manufacturers, tax policies that support job creators, pro-growth regulations, an all-of-the-above approach to domestic energy production, and a focus on research, development, and commercialization.

This is a vision for America's future, but we must begin *now*. I hope you will join me in this effort.

Sincerely,



Tom Reed  
Member of Congress

*Continue the discussion on ways to revitalize America's manufacturing future by visiting our website and posting on our social media pages:*

 [Reed.House.Gov](http://Reed.House.Gov)

 [Facebook.com/RepTomReed](https://www.facebook.com/RepTomReed)

 [@RepTomReed](https://twitter.com/RepTomReed)

 [Instagram.com/Rep.TomReed](https://www.instagram.com/Rep.TomReed)

 <http://housemanufacturingcaucus-reed.house.gov/>

## Appendix - References to Legislation

**H.R. 2996 [113<sup>th</sup>]** - Revitalize American Manufacturing and Innovation Act

Rep. Reed (R-NY)

Current Status: Became Public Law No: 113-235 (12/16/2014)

Page 2 – The Revitalize American Manufacturing and Innovation Act

Page 3 – Preparing the Next Generation for Career Opportunities

Page 4 – Invest in Research and Development

**H.R. 1806 [114<sup>th</sup>]** – America COMPETES Reauthorization Act of 2015

Rep. Smith (R-TX)

Current Status: Passed the House (5/20/2015)

Page 3 – Preparing the Next Generation for Career Opportunities

Page 4 – Invest in Research and Development

**H.R. 3808 [114<sup>th</sup>]** – Leveraging and Energizing America’s Apprenticeship Programs Act

Rep. Davis (R-IL)

Current Status: Referred to the Committees on Ways and Means and Oversight and Government Reform

Page 3 – Preparing the Next Generation for Career Opportunities

**H.R. 5761 [114<sup>th</sup>]** – Train the Future Act

Rep. Bera (D-CA)

Current Status: Referred to the Committees on Ways and Means and Education and the Workforce

Page 3 – Preparing the Next Generation for Career Opportunities

**H.R. 5587 [114<sup>th</sup>]** – Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act

Rep. Thompson (R-PA)

Current Status: Passed the House (9/14/16)

Page 3 – Preparing the Next Generation for Career Opportunities

**Amendment to H.R. 2029 [114<sup>th</sup>]** – Protecting Americans from Tax Hikes Act of 2015

Rep. Dent (R-PA)

Current Status: Became Public Law No: 114-113(12/18/2015)

Page 4 – Invest in Research and Development

Page 6 – Creating a Fair, Simple and Competitive Tax Code

**H.R. 427 [114<sup>th</sup>]** – Regulations for the Executive in Need of Security (REINS) Act

Rep. Young (R-IN)

Current Status: Passed the House (7/28/2015)

Page 6 – Reining in Unreasonable Regulation

**H.R. 185 [114<sup>th</sup>]** - Regulatory Accountability Act

Rep. Goodlatte (R-VA)

Current Status: Passed the House (1/13/2015)

Page 6 – Reining in Unreasonable Regulation

**H.R. 50 [114<sup>th</sup>]** - Unfunded Mandates Information and Transparency Act  
Rep. Foxx (R-NC)  
Current Status: Passed the House (2/4/2015)  
Page 6 – Reining in Unreasonable Regulation

**H.R. 4505 [114<sup>th</sup>]** – Make It In America Manufacturing Communities Act  
Rep. Cicilline (D-DE)  
Current Status: Referred to the Committee on Financial Services  
Page 7 – Foster an Environment for Growth

**H.R. 22 [114<sup>th</sup>]** – Fixing America’s Surface Transportation Act  
Current Status: Became Public Law No: 114-94 (12/4/2015)  
Page 7 – Foster an Environment for Growth

**H.R. 3080 [113<sup>th</sup>]** – Water Resources Reform and Development Act of 2014  
Rep. Shuster (R-PA)  
Current Status: Became Public Law No: 113-121  
Page 7 – Foster an Environment for Growth

**H.R. 644 [114<sup>th</sup>]** – Trade Facilitation and Trade Enforcement Act of 2015  
Rep. Reed (R-NY)  
Current Status: Became Public Law No: 114-125 (2/24/2016)  
Page 8 – Make it Here and Sell it There

**H.R. 597 [114<sup>th</sup>]** Export-Import Bank Reform and Reauthorization Act of 2015  
Rep. Fincher (R-TN)  
Current Status: Became Public Law No: 114-94 (12/4/2015)  
Page 8 – Make it Here and Sell it There

**H.R. 4923 [114<sup>th</sup>]** - American Manufacturing Competitiveness Act of 2016  
Rep. Brady (R-TX)  
Current Status: Became Public Law No: 114-159 (5/20/2016)  
Page 8 – Make it Here and Sell it There