September 13, 2021

The Honorable Richard Neal
Chairman, Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

The Honorable Ron Wyden
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Neal and Chairman Wyden,

As you finalize the House Ways and Means and Senate Finance tax packages in a manner that fulfills your committees' budget instructions and the climate, jobs and justice commitments proposed by President Biden in his American Jobs Plan (AJP), **we strongly urge you to support the inclusion of robust incentives to promote clean manufacturing.** These should include **$50 billion in investment and production tax credits** that both shore up clean energy supply chains and reduce climate pollution from emissions-intensive sectors, such as cement, steel and aluminum.

If the U.S. is to lead in the critical industries of the future, we must invest in retooling and establishing clean vehicle and clean technology manufacturing; in rebuilding strategic supply chains; and in deploying emerging approaches to produce the low-carbon materials the world needs. Your committee has a central role to play. We recommend that you:

1. **Pass a revitalized and greatly expanded 48C Advanced Manufacturing tax credit** to enable manufacturing of essential clean technologies and vehicles. 48C should provide at least $20 billion in credits for clean technology manufacturing. A significant portion of these funds should be set aside for communities that need it most, including those that have experienced deindustrialization and the decline of energy jobs. We also recommend substantial additional funding -- at least $10 billion -- for projects that reduce emissions from industrial processes, including steel, cement and aluminum production.
2. **Adopt additional strategic manufacturing tax credits for environmentally-responsible development of solar, wind, battery, and heat pump supply chains**, for a total of at least $20 billion. Many of these have been introduced in Senate proposals led by Senators Ossoff, Markey, and others. 48C has historically been highly effective in making diverse, medium-sized investments across clean technology sectors, but we know there are supply chains that warrant large targeted and sustained investments due to a lack of substantial domestic manufacturing capacity, stiff global competition, and recent disruptions. In particular, a solar manufacturing PTC will be critical for meeting the President's climate goals and new solar energy targets.

These investments make good economic sense. Manufacturing matters to this country: the sector employs millions of American workers, contributes trillions a year to the gross domestic product, accounts for more than two-thirds of private sector research and development, and plays a central role in the balance of U.S. imports and exports. It has the proven ability to provide pathways into the middle class for millions of workers and families and the potential to create high-skill, high-wage jobs for even more communities and workers across America. The technology and materials it produces are necessary for a clean economy and infrastructure—and, more generally, for modern life.

Modest investments in manufacturing can go a long way toward delivering the millions of jobs the President has promised and promoting American competitiveness. According to one study, every $1 billion issued annually through a new 48C credit program could add $3.6 billion in GDP and roughly 8,000 direct jobs, as well as 15,000 indirect and induced jobs, across the country. The Administration's recent Solar Futures Study even mentions Senator Ossoff's solar tax credits as a policy that may support domestic manufacturing. Plus, as CSIS argued in a recent report, green manufacturing is emerging as a pivotal battleground of competition with other leading economies. Decades of policy, offshoring, and outsourcing[1,2,3] have weakened supply chains and cost jobs, but the United States has an opportunity to support and strengthen domestic manufacturing along that supply chain and increase U.S. competitiveness moving forward.

Finally, investing in domestic manufacturing today can complement your other priorities, including the Section 45 tax credits, by maximizing the amount of American jobs they support. They can enable us to meet emissions reduction goals, including the President's pledge of 80% clean electricity by 2030, by minimizing supply chain disruptions. They work in tandem with clean energy and vehicle deployment incentives that support high road labor and domestic content standards to ensure a clean economy where clean energy, clean manufacturing, environmental integrity, and quality job growth go hand-in-hand. And, crucially, they can support the communities with the greatest need, including where energy jobs have been lost.

Providing tax credits that bolster domestic manufacturing will bring back American jobs, maximize the impact of other clean energy incentives and ensure a prosperous clean energy future. We would be happy to discuss this with committee staff or to answer any questions you may have. Thank you for your consideration.

Sincerely,

CC:
Sens. Debbie Stabenow, Maria Cantwell, Robert Menendez, Thomas R. Carper, Benjamin L. Cardin, Sherrod Brown, Michael F. Bennet, Bob Casey, Mark R. Warner, Sheldon Whitehouse, Maggie Hassan, Catherine Cortez Masto, Elizabeth Warren

Reps. Lloyd Doggett, Mike Thompson, John B. Larson, Earl Blumenauer, Ron Kind, Bill Pascrell, Jr., Danny K. Davis, Linda T. Sánchez, Brian Higgins, Terri A. Sewell, Suzan DelBene, Judy Chu, Gwen Moore, Dan Kildee, Brendan Boyle, Don Beyer, Dwight Evans, Brad Schneider, Tom Suozzi, Jimmy Panetta, Stephanie Murphy, Jimmy Gomez, Steven Horsford, Stacey E. Plaskett