

Washington, D.C. Update: Covid-19 and Public Policy Developments

Presented by
The Franklin Partnership, LLC
Policy Resolution Group at Bracewell
July 23, 2021



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- Representing manufacturing industry since 2002
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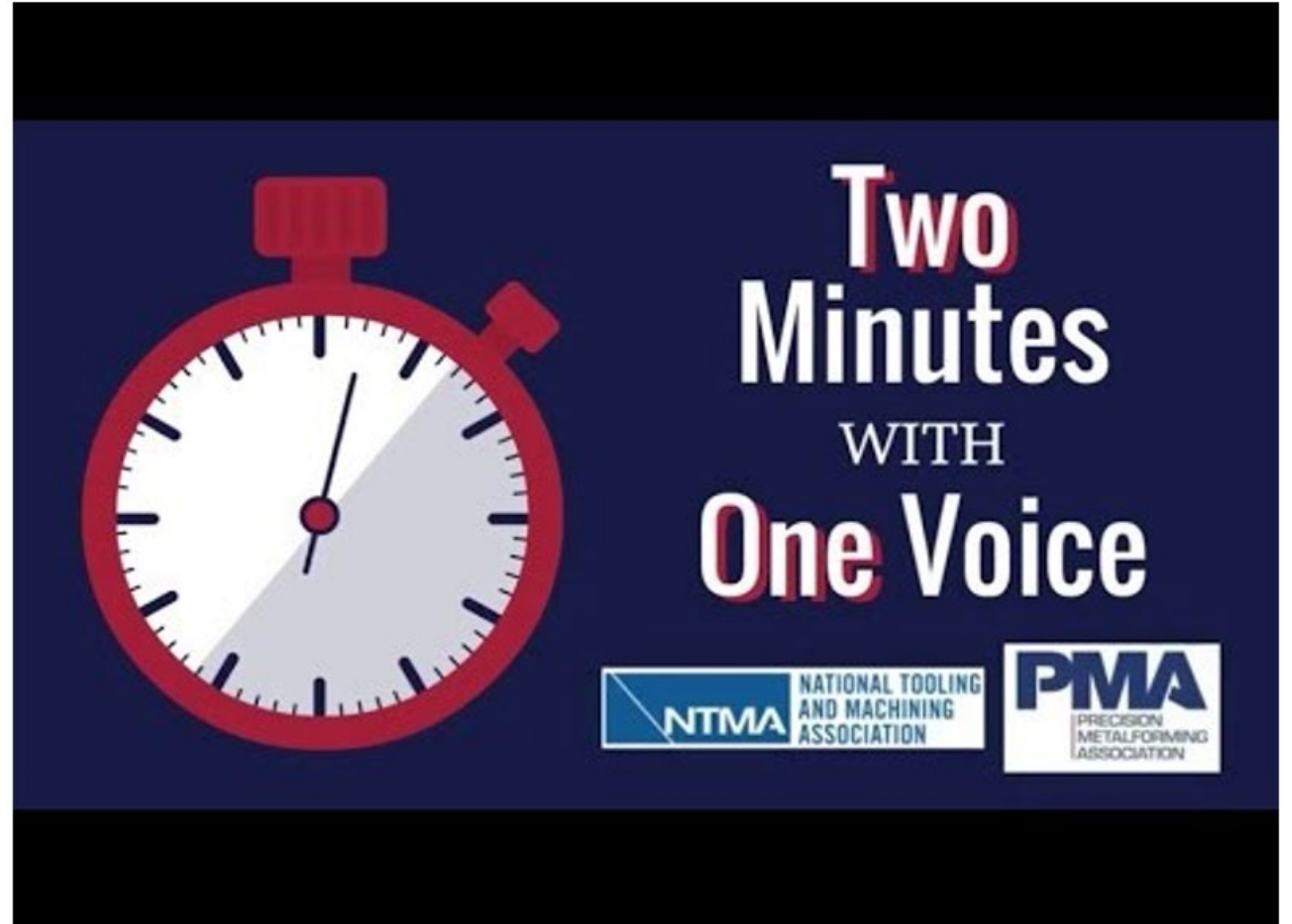
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TALKING WITH
ONE VOICE

A MANUFACTURING INDUSTRY ADVOCACY PODCAST



Contents

- COVID Update
- Federal Regulatory Agenda Released
- Infrastructure Update
- Paying for Infrastructure
- Supply Chain Disruptions Continue

All information presented as of July 22, 2021

COVID-19 Update

FDA: No More Using Non-NIOSH Approved Masks

FDA Revokes Emergency Use Authorizations for Non-NIOSH-Approved Disposable Respirators and Decontamination Systems as Access to FDA-authorized and NIOSH-approved N95s Increases Nationwide

On June 30, 2021, the FDA announced the [revocation](#) of the following EUAs:

- [Imported, Non-NIOSH-Approved Disposable Filtering Facepiece Respirators](#) (effective July 6, 2021)
- [Non-NIOSH-Approved Disposable Filtering Facepiece Respirators Manufactured in China](#) (effective July 6, 2021)
- [Decontamination and Bioburden Reduction System EUAs for Personal Protective Equipment](#) (effective June 30, 2021)

As of the effective date of the revocations, these devices will no longer be authorized for use by health care personnel in health care settings. For additional information, please see [Update: FDA No Longer Authorizes Use of Non-NIOSH-Approved or Decontaminated Disposable Respirators - Letter to Health Care Personnel and Facilities](#).

Historical information regarding these EUAs can be found on [Historical Information about Device Emergency Use Authorizations](#).

June 30, 2021

OSHA Removes Manufacturing from COVID NEP

OSHA revises its National Emphasis Program, updates Interim Enforcement Response Plan for COVID-19

WASHINGTON, DC – The U.S. Department of Labor’s Occupational Safety and Health Administration has revised its [National Emphasis Program](#) (NEP) for COVID-19. The agency launched the NEP on March 12, 2021, to focus on companies that put the largest number of workers at serious risk of contracting the coronavirus, and on employers that engage in retaliation against employees who complain about unsafe or unhealthful conditions or exercise other rights under the Occupational Safety and Health Act.

Based on an evaluation of inspection and illness data, the revised [NEP](#) (DIR 2021-03 (CPL 03)), adjusts the targeted industries to those most at risk for COVID-19 exposure, but still includes healthcare and non-healthcare, such as meat and poultry processing. The revised NEP also removes an appendix that provided a list of Secondary Target Industries for the former COVID-19 NEP. For inspections in healthcare, the revised NEP refers compliance safety and health officers (CSHOs) to the new directive, DIR 2021-02 (CPL 02), [Inspection Procedures for the COVID-19 Emergency Temporary Standard](#), issued on June 28, 2021.

Inspections in non-healthcare establishments will follow procedures outlined in [the Updated Interim Enforcement Response Plan](#) published July 7, 2021. The updated interim enforcement response plan (IERP) replaces the memorandum dated March 12, 2021. Updates in the July 2021 IERP

July 8, 2021

Child Tax Credit Payments Begin

IR-2021-153, July 15, 2021

WASHINGTON — The Internal Revenue Service and the Treasury Department announced today that millions of American families have started receiving monthly Child Tax Credit payments as direct deposits begin posting in bank accounts and checks arrive in mailboxes.

This first batch of advance monthly payments worth roughly \$15 billion reached about 35 million families today across the country. About 86% were sent by direct deposit.

The payments will continue each month. The IRS urged people who normally aren't required to file a tax return to explore the tools available on IRS.gov. These tools can help determine eligibility for the advance Child Tax Credit or help people file a simplified tax return to sign up for these payments as well as Economic Impact Payments, and other credits you may be eligible to receive.

Under the American Rescue Plan, each payment is up to \$300 per month for each child under age 6 and up to \$250 per month for each child ages 6 through 17. Normally, anyone who receives a payment this month will also receive a payment each month for the rest of 2021 unless they unenroll. Besides the July 15 payment, payment dates are: Aug. 13, Sept. 15, Oct. 15, Nov. 15 and Dec. 15.

July 15, 2021

PPP Loan Forgiveness Status Update

- You should have submitted your PPP forgiveness loan application for 1st draw by now
- Most are starting to submit 2nd PPP forgiveness loan applications
- After lobbying efforts, lawsuits, SBA no longer requiring Form 3509
- SBA in November began requiring loans over \$2 million to have a necessity questionnaire
- SBA notified lenders it is longer requiring the form – removed from SBA website
- Government interagency review found \$394.6 billion was forgiven from 4.1 million loans
- 11.77 million loans in total amounting to \$798.7 billion in loan money given to businesses.
- 90.3 million jobs retained due to the loan given to businesses

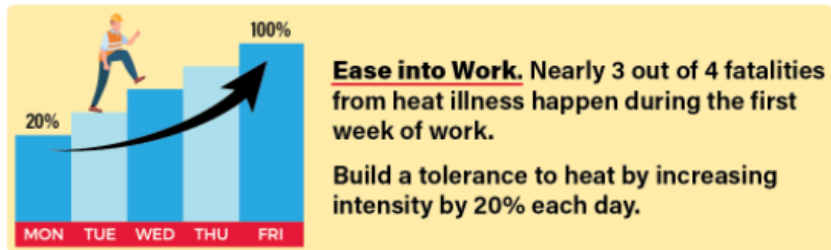
Federal Regulatory Agenda Released
List of Short and Long Term Priorities for Agency Rules

OSHA: Expected New and Proposed Rules

- May 2021 – RFI – Mechanical Power Presses Update (still pending)
- Sept 2021 – Hearing – Update to the Hazard Communication Standard
- Oct 2021 – RFI – Heat Illness Prevention in Outdoor and Indoor Work Settings
- December 2021: Electronic injury/illness recordkeeping rule expected to reinstate Obama requirement that establishments with over 250 employees also file 300 & 301
- Jan 2022 – NPRM – Lock-Out/Tag-Out (delayed from April 2021)

New OSHA Focus on Heat Prevention – RFI Oct. 2021

Heat Illness Infographics (English and Spanish versions)



Drink cool water even if you are not thirsty



Rest for long enough to recover from the heat



Take breaks in a shady or cool area



Wear a hat and dress for the heat

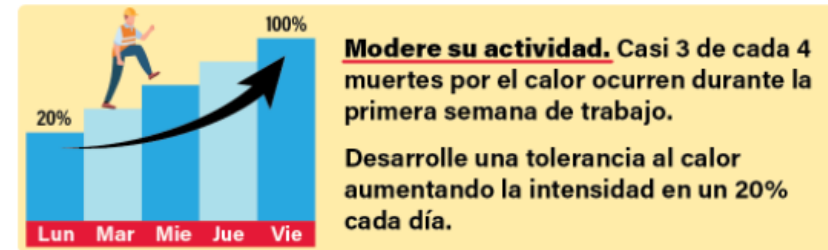
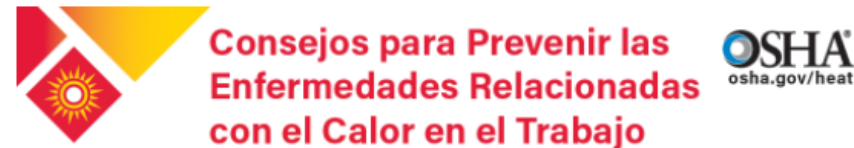


Watch out for each other



Verbally check on workers wearing face coverings

Prevent Heat Illness at Work Infographic
English (ZIP)



Beba agua fría aun si no tiene sed



Descanse lo suficiente para recuperarse del calor



Tome descansos bajo la sombra o en un lugar fresco



Use sombrero y ropa adecuada para el calor



Esté pendiente a sus compañeros



Chequee verbalmente a los trabajadores usando mascarilla

Prevent Heat Illness at Work Infographic
Spanish (ZIP)

OSHA Midwest Region 5 Emphasis Program – Noise

June 14, 2021

OSHA initiative seeks to protect manufacturing workers in Midwest facilities from hazardous noise levels

More than half of workers don't use protective equipment to prevent hearing loss

CHICAGO – Nearly one in 10 people endure noise levels at work loud enough to cause hearing loss while seven in 10 experience moderately loud noise levels, reports the Bureau of Labor Statistics. Yet, the bureau's Occupational Requirements Survey, published in 2019, found that more than half of the nation's manufacturing workers reported not using personal protective equipment to protect their hearing.

To reduce these workplace dangers and promote hearing conservation programs, the U.S. Department of Labor's [Occupational Safety and Health Administration](#) regional office in Chicago has established a [Regional Emphasis Program](#) to raise awareness among Midwest manufacturing employers.

By law, OSHA requires employers to implement a hearing conservation program when the average noise exposure over eight working hours reaches or exceeds 85 decibels, which the [Centers for Disease Control and Prevention](#) compares to the sound of city traffic (from inside the vehicle) or a gas-powered leaf blower. To prevent noise-induced hearing loss, OSHA provides employers with [hearing conservation guidelines](#).

The REP's initial phase will include informational mailings to employers, professional associations, local safety councils, apprenticeship programs, local hospitals and occupational health clinics, and OSHA presentations to industry organizations and stakeholders. OSHA will also encourage employers to use the agency's free consultation services to help them implement noise safety strategies and ensure compliance with OSHA standards.

<https://www.osha.gov/news/newsreleases/region5/06142021>

WHD Minimum Wage for Federal Contractors, Subs

Order seeks to increase hourly minimum wage for workers on federal contracts

WASHINGTON, DC – The U.S. Department of Labor today announced a [Notice of Proposed Rulemaking](#) to establish standards and procedures to implement and enforce [Executive Order 14026](#), “Increasing the Minimum Wage for Federal Contractors,” signed by President Biden on April 27, 2021.

This Executive Order will:

- Increase the minimum wage for workers performing work on or in connection with covered federal contracts to \$15 per hour beginning Jan. 30, 2022.
- Continue to index the federal contract minimum wage in future years to an inflation measure.
- Eliminate the tipped minimum wage for federal contract workers by 2024.
- Ensure a \$15 minimum wage for workers with disabilities performing work on or in connection with covered contracts.
- Restore minimum wage protections to outfitters and guides operating on federal lands.

Labor Department: Expected New and Proposed Rules

Dept of Labor

Dec 2021 NPRM – Definition of the Term "Fiduciary" (Investor Advice)

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=1210-AC02>

Dept of Labor/ETA

August 2021 – Notice of Proposed Rulemaking – Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations (IRAP/SRE)

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=1205-AC06>

March 2022 – NPRM – Workforce Innovation and Opportunity Act; Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=1205-AC01>

EEOC Sets August 23 Deadline for EEO-1 Reports

2019 & 2020 EEO-1 Component 1 Data Collection

The Employer Information Report EEO-1 Component 1, or the EEO-1 Component 1 Report, is open. The deadline to submit and certify the EEO-1 Component 1 Report is Monday August 23, 2021. Organizations can file their information through the new EEO-1 Component 1 Online Filing System.

Get Started

Continue

Request Company ID and Passcode

<https://eeocdata.org/eeo1>

EPA: Expected New and Proposed Rules

July 2021 – NPRM (Dec 2021 Final Rule) – Light-Duty Vehicle Greenhouse Gas Emissions Standards

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2060-AV13>

August 2021- NPRM (August 2022 Final Rule) – 1-Bromopropane; Rulemaking Under TSCA Section 6(a)

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2070-AK73>

August 2021 – NPRM (March 2022 Final Rule) – Determinations of Attainment by the Attainment Date, Extensions of the Attainment Date, and Reclassification of Marginal Nonattainment Areas for the 2015 Ozone National Ambient Air Quality

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2060-AV32>

Sept 2021 – Final Rule – National Emission Standards for Hazardous Air Pollutants for Major Sources: Industrial, Commercial, and Institutional Boilers and Process Heaters: Amendments

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2060-AU20>

Nov 2021 – Notice of Proposed Rulemaking (Final Rule Nov 2021) – Trichloroethylene; Rulemaking under TSCA

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2070-AK83>

Nov 2021 – NPRM (Final Rule Sept 2022) – Control of Air Pollution From Aircraft Engines; Particulate Matter Emission Standards and Test Procedures

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2060-AU69>

Infrastructure Update

Two-Track Approach for Now

- Senate Infrastructure Bill: \$1.2 trillion over 10 years bipartisan hard infrastructure
 - 11 Democrats and 11 Republicans negotiating
 - Sen. Bernie Sanders Chairs Budget Committee, not involved in talks
 - Progressives want a guarantee their \$3.5 trillion bill will move in tandem with bipartisan bill
 - How to keep majority Democrats and enough GOP to move the bill?
 - July 22: cracks begin to show, deal needs all Democrats on board
- Senate Budget Resolution: \$3.5 trillion over 10 on social programs, “human infrastructure”
 - Democrat only resolution will include individual and corporate tax increases
 - Sen. Sanders, some progressives want to go higher - \$6 trillion
 - Moderate Democrats in House and Senate believe \$3.5 likely too high
- Process: Progressives will not let bipartisan bill through without Budget Resolution
 - House wants Senate to move first to guarantee they will have a larger human infrastructure
 - Too much focuss on Senate talks, White House now concerned about moderate House Democrats

Scenario Expectations – Schumer Trying to Force Action

- Bipartisan \$1.2T bill secures Senate and House votes
- Bipartisan \$1.2T bill passes Senate, fails to secure progressive Democrats, fails House
- Bipartisan \$1.2T bill passes Senate, House, waits in limbo for Democrats' larger bill
- Bipartisan \$1.2T bill fails in the Senate
- Moderate Democrats oppose partisan bill
- Bipartisan \$1.2T bill fails in Senate
- Liberal Democrats walk from compromises
- Bipartisan \$1.2T bill talks collapse on both sides
- Democrats move their own combined \$2-3T bill
- Bipartisan \$1T bill passes w/user fee offsets; Democrats pass \$3T bill offset with tax increases

Senate Democrats' \$3.5 Trillion Budget Resolution

- Creation of a comprehensive family/medical leave program
- Free universal preschool
- Free community college
- Expand access to summer Electronic Benefits Transfer (EBT) programs
- Extending the increased child tax credit
- Health Care Subsidies
- Clean energy programs
 - Electric vehicle tax incentives
 - Transition incentives towards renewable energy
 - Clean energy standard mandate
 - Job creation through a civilian climate corps program

An Optimistic Timeline

- July 21: Senate fails to reach cloture on bipartisan infrastructure bill
- July 24-26: Senators finish drafting legislative language of infrastructure bill
- Week of July 26: Senate tries again to set up an infrastructure vote
- Week of July 26: Senate Democrats begin process to bring Budget Resolution to floor
- Week of August 2: Senate attempts to move on Budget Resolution
- Week of August 2: House possibly releases Budget Resolution
- August-September: Negotiations on both “hard” and “human” infrastructure
- Optimistic Result? Both bills pass together October-December
- Another Result: Bipartisan bill fails; Democrats move a \$2-3 trillion bill on their own...

Senate Democrats' “Plan B” – If Bipartisan Talks Fail

- Very unclear if Democrats can hold BOTH moderates *and* progressives
- Senate Democrats considering adding \$600b in GOP priorities + \$3.5T = \$4.1 trillion
- \$4.1T similar to what President Biden initially proposed
- Could this take down the bipartisan talks?
- Can Democrats really go it alone?
 - Senate moderate Democrats – Sinema, Manchin, Tester, Hassan
 - Pelosi can only afford to lose three Democrats after July 23

Paying for Infrastructure

| Answer | Rank 1 | Rank 2 | Rank 3 | Rank 4 | Rank 5 | Rank 6 | Rank 7 | Weighted Rank(Score) |
|---|--------|--------|--------|--------|--------|--------|--------|----------------------|
| Section 179 Expensing | 18 | 7 | 9 | 6 | 2 | 3 | 0 | 1 (249) |
| 100% Bonus Depreciation | 5 | 13 | 11 | 9 | 5 | 2 | 0 | 2 (223) |
| R&D Tax Credit | 11 | 6 | 5 | 7 | 8 | 7 | 1 | 3 (205) |
| Section 199A - Qualified Business Income Deduction for Passthroughs | 8 | 13 | 3 | 5 | 5 | 7 | 4 | 4 (202) |
| Section 163(j) EBITDA - Business Loan Interest Deduction | 2 | 2 | 14 | 6 | 10 | 9 | 2 | 5 (170) |
| State and Local Tax Deduction | 1 | 2 | 3 | 10 | 14 | 15 | 0 | 6 (146) |
| Other | 0 | 2 | 0 | 2 | 1 | 2 | 38 | 7 (65) |
| Total Responses | | | | | | | | 45 |

Tax Discussions in Democrats' Reconciliation Bill

- Moderate Democrats stepping up to support step up basis
- Capital Gains still vulnerable but farm state Democrats helping protect for now
- Lobbying underway to extend 163(j), keep EBITDA but 2022 change seen as a payfor
 - Depreciation, Amortization changes in 2022
 - www.americasinterst.com
- Rumors are Congress may include R&D Tax Credit in year end tax extenders bill
- State and Local Tax Deduction \$10,000 repeal unlikely, may increase limitation
- Senate must still put together and pass a budget reconciliation resolution, likely in July
- Could see tax changes made in Oct-Dec 2021, weeks before effective date of Jan 1, 2022
- C-Corporation rate increase and individual rate increase seen as part of reconciliation

Senate GOP United Against Eliminating Step-Up Basis

Thune, Daines, McConnell, Crapo Lead Entire Senate Republican Caucus in Urging Biden Administration to Drop Step-Up In Basis Tax-Hike Proposal

July 21, 2021

WASHINGTON — U.S. Sens. John Thune (R-S.D.), Steve Daines (R-Mont.), and Mike Crapo (R-Idaho), members of the tax-writing Senate Finance Committee, and Mitch McConnell (R-Ky.) today led the entire Senate Republican caucus in urging President Biden to abandon his effort to impose a capital gains tax increase on family-owned businesses, farms, and ranches. Repealing this part of the tax code would have a devastating effect on multi-generation operations, which could lead to job losses, liquidation, or outright closure.

Senate Finance Chairman 199a Limitations Bill

- July 20: Sen. Ron Wyden introduced “Small Business Tax Fairness Act”
- Proposal limits 199a 20-percent deduction on QBI in TCJA
 - Phases out deduction for taxpayers with income over \$400,000, eliminates altogether over \$500,000
 - Removes limitations on services eligible for 199a
 - Estates and trusts would no longer be eligible for the deduction (*was initially included in TCJA draft*)
 - Married individuals filing separately may not use deduction
- Chairman Wyden’s goal is to include language in “human” infrastructure bill
- Small business, passthrough community opposing bill, working to make 199a permanent
- Biden supported phasing out 199a on campaign trail but excluded from proposal
- Not unexpected from Chairman Wyden, waiting on response from Ways and Means Chair

Supply Chain Disruptions Continue

Biden Anti-Competition Executive Order

- Biden signed Executive Order July 9 “Promoting Competition in the American Economy”
- Agencies will draft rules and take action to implement 72 anti-competitive initiatives
- Draft rule expected in Fall 2021, Final Rule 2022
- Encourages FTC to ban unnecessary occupational licensing restrictions across state lines
- Encourages the FTC and DOJ to strengthen antitrust guidance to prevent employers from collaborating to suppress wages or reduce benefits by sharing wage and benefit information with one another
- Encourages the FTC to ban or limit non-compete agreements
 - Some states have outright ban or ban on low-wage worker non-compete agreements
 - Could allow non-competes only prior start date
 - Outright ban likely faces legal challenges

Dept of Commerce: New and Expected Regulations

Dept. of Commerce

May 2021- Proposed Rule – Proposed Additional General Approved Exclusions for Steel Articles

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=0694-AI50>

July 2021 – Final Action – Termination of 232 Investigations (establishing a process to terminate)

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=0694-AI31>

July 2021 – Final Action – Increasing Transparency of 232 Investigations by Requiring a Public Submission for a Request or Application for an Investigation

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=0694-AI22>

Sept 2021 – Interim Final Rule – Removal of Certain General Approved Exclusions (GAEs) under the Section 232 Steel and Aluminum Tariff Exclusions Process

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=0694-AH55>

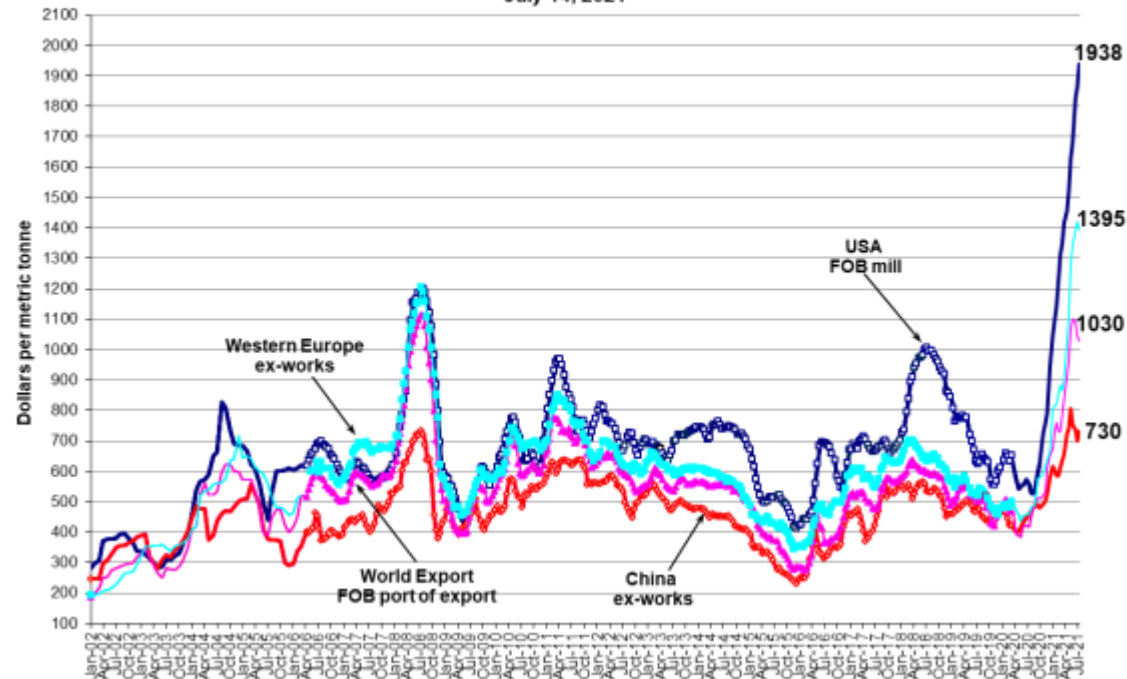
Steel Supply Chain Disruptions

SteelBenchmarker™ HRB Price

USA, China, Western Europe and World Export

(WSD's PriceTrack data, Jan. 2002 - March 2006; SteelBenchmarker data begins April 2006)

July 14, 2021

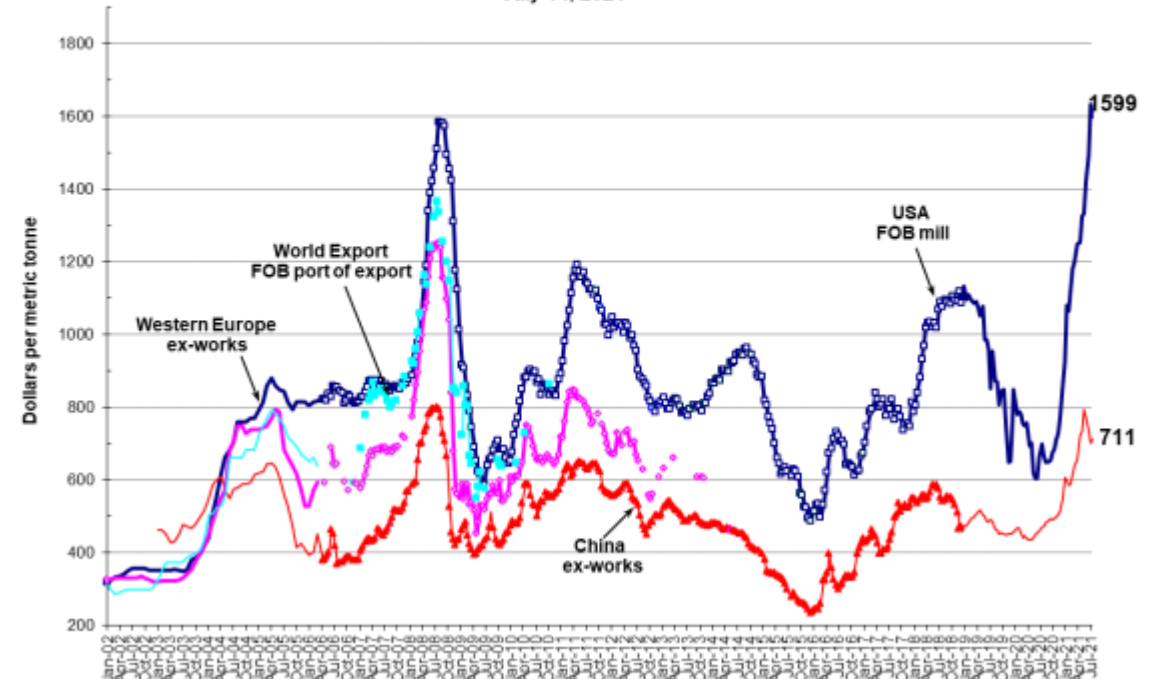


SteelBenchmarker™ Plate Price

USA, China, Western Europe and World Export

(WSD's PriceTrack data, Jan. 2002 - March 2006; SteelBenchmarker data begins April 2006)

July 14, 2021



Media: Trade, Tax and Workforce Issues

AP



**Fewer working-age people may slow economy.
Will it lift pay?**

THE WALL STREET JOURNAL.

**Escalating Materials Prices Turn
Construction Bids Into a Gamble**

Contractors, manufacturers struggle to bid on jobs as costs of pipes, boards and steel keep rising

IndustryWeek.

Two-Thirds of Metalformers Still Reporting Rising Lead Times

The Meadville Tribune
MEADVILLETIBUNE.COM

**Grants help fuel students' creativity
at Cambridge Springs Elementary**

DailyJournal
Online 

**Congressmen introduce
legislation to help working
students**

Donate to NTMA, PMA to Support Advocacy in DC

NTMA's Government Affairs Administrative Fund (GAAF) allows the association to undertake initiatives aimed at educating elected officials on tooling and machining and the industry's priority issues. It also permits us to support a variety of activities to inform and mobilize our members, as well as to protect and promote the industry with key lawmakers. You can use corporate OR personal funds to donate to the GAAF.

Donate Today!

<https://ntma.org/programs/advocacy/>

PMA ADVOCACY FUND

PMA's Advocacy Fund supports the association's day-to-day lobbying and public relations efforts in Washington, D.C., increasing the industry's visibility in Congress, the Administration and the public. You can use corporate OR personal funds to donate to the advocacy fund.

Donate Today!

<https://www.pma.org/advocacy/donate-today.asp>

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<https://www.pma.org/advocacy/donate-today.asp>

<https://ntma.org/programs/advocacy/>

