

# Washington, D.C. Update: Federal Government Policy Developments

Prepared by  
The Franklin Partnership, LLC &  
Policy Resolution Group at Bracewell  
February 24, 2023



# Your Team in Washington, D.C.



## Lobbying Firm – The Franklin Partnership, LLC

- Bi-partisan Washington, D.C.-based government relations firm
- Representing manufacturing industry since 2002
- Clients include: manufacturing associations, defense contractors, hospitals, cities



## Strategic Communications Firm – Policy Resolution Group at Bracewell

- Wash, D.C.-based public affairs & strategic communications consultants
- Promote NTMA and PMA in print, digital and other media
- Support Franklin Partnership government relations efforts by designing and implementing coordinated strategic communications strategy
- Representing metalworking industry since 2003

*Nothing contained in here shall be deemed legal or financial advice.*

# Contents

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- Latest from Congress
- Taxes and Regulations
- Trade, Tariffs and Supply Lines



*All information presented as of February 23, 2023*

# U.S. House New Committee on China

**THE SELECT  
COMMITTEE ON  
THE CCP**

COMMITTEE ACTIVITY

ABOUT


CONTACT

MEDIA

WHISTLE BLOWER

**The Select Committee on  
the Chinese Communist  
Party**

LEARN MORE

The image shows two chess pieces, specifically kings, standing side-by-side. The piece on the left is white with a blue, white, and red design featuring stars, representing the United States flag. The piece on the right is red with a yellow star, representing the Chinese flag. The background is a light gray gradient.<https://selectcommitteeontheccp.house.gov/>

# U.S. House New Committee on China

## Membership

Chairman Mike Gallagher (R-WI)

Representative Dan Newhouse (R-WA)

Representative Rob Wittman (R-VA)

Representative Blaine Luetkemeyer (R-MO)

Representative Andy Barr (R-KY)

Representative John Moolenaar (R-MI)

Representative Darren LaHood (R-IL)

Representative Neal Dunn (R-FL)

Representative Jim Banks (R-IN)

Representative Dusty Johnson (R-SD)

Representative Michelle Steel (R-CA)

Representative Ashley Hinson (R-IA)

Representative Carlos Gimenez (R-FL)

Ranking Member Raja Krishnamoorthi (D-IL)

Reps. Kathy Castor (D-FL)

Rep. André Carson (D-IN)

Rep. Seth Moulton (D-MA)

Rep. Ro Khanna (D-CA)

Rep. Andy Kim (D-NJ)

Rep. Mikie Sherrill (D-NJ)

Rep. Haley Stevens (D-MI)

Rep. Ritchie Torres (D-NY)

Rep. Jake Auchincloss (D-MA)

Rep. Shontel Brown (D-OH)

<https://selectcommitteeontheccp.house.gov/about/membership>

# Bipartisan JOBS Act Introduced

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- Senate: Jumpstarting our Businesses by Supporting Students (JOBS) Act (S.161)
  - Expands federal Pell Grants to include short-term workforce education programs. Allows Pell Grants training programs at community or technical colleges that provide at least 150 clock hours of instruction over at least 8-weeks and lead to industry-recognized credentials or certificates.
- A companion bill introduced in U.S. House

# House GOP Introduces PELL Act

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- House GOP introduced Promoting Employment and Lifelong Learning Act
  - Puts in place requirements for programs to qualify for Pell Grant usage including being in operation for more than one year, being aligned with the requirements of in-demand industry sectors or occupations, having a completion rate of 70% or better within 150% of normal completion time, having a job placement rate of at least 70%, and being evaluated by an accreditor who can ensure students will be qualified for employment upon completion.



# Take Action to Reinstate R&D Expensing

## Take Action



### **Call on Congress to Reinstate Full R&D Expensing**

Despite strong support in Congress, and the efforts of manufacturers and others who lobbied lawmakers, Congress could not come to an agreement to include key tax provisions in the year-end omnibus funding bill, such as a provision to reinstate full immediate expensing for...

<https://www.metalworkingadvocate.org/take-action>



# Possible R&D Expensing Outcomes

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- No action = 2017 law remains in place
- No solution by 3/31/23, retroactivity harder
- Still no agreement on Child Tax Credit
- Top House tax writer wants bill in Spring
- Debt ceiling bill likely main vehicle

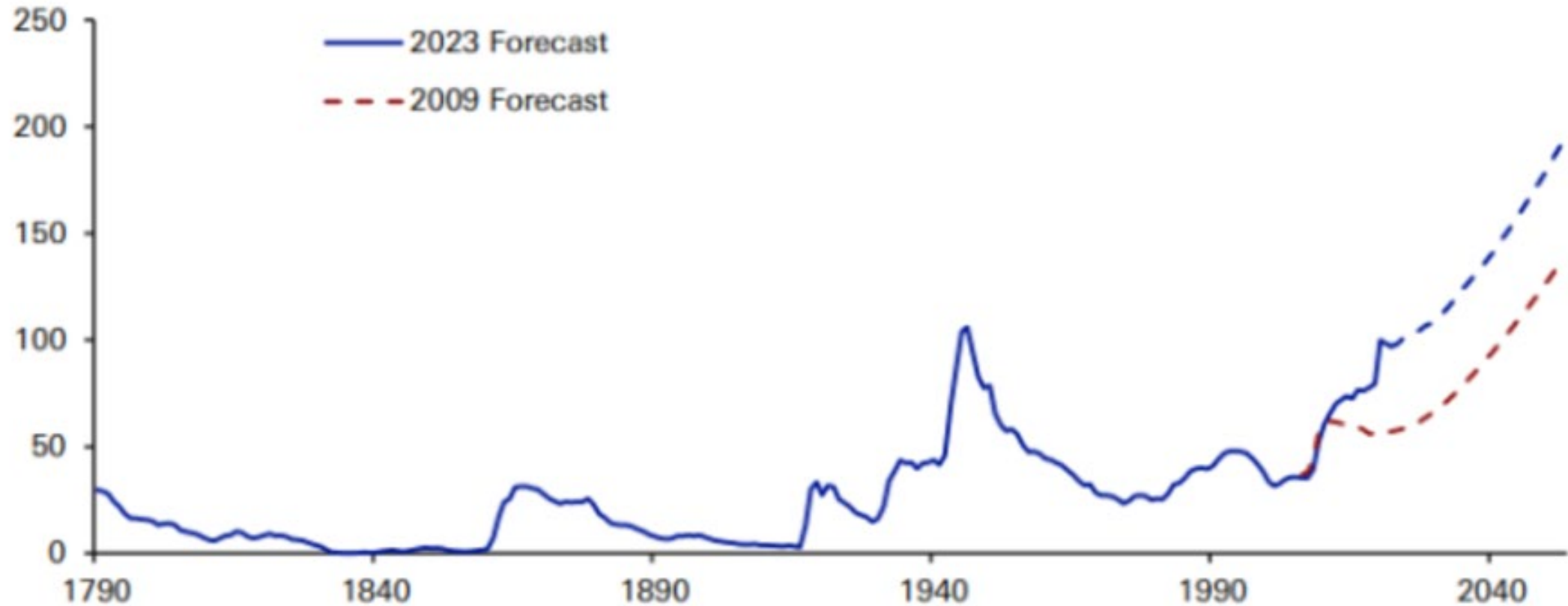
# Initial Debt Ceiling Discussions Start

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- President Biden, Speaker McCarthy met
- Some initial talks in small groups starting
- CBO: will reach debt ceiling July-Sept 2023
- Congress could pass short term debt limit increase to align with Sept. 30 deadline to pass federal government spending bills

# Debt Ceiling Deadline Discussions

Figure 1: Federal Debt Held by the Public (% of GDP) with CBO Forecasts



Source : CBO, Deutsche Bank

# U.S. Running a \$1.394T Deficit

## Budget Outlook, by Fiscal Year

	Percentage of Gross Domestic Product					Billions of Dollars			
	Average, 1973–2022	Actual, 2022	2023	2024	2033	Actual, 2022	2023	2024	2033
<b>Revenues, Total</b>	<b>17.4</b>	<b>19.6</b>	<b>18.3</b>	<b>17.7</b>	<b>18.1</b>	<b>4,896</b>	<b>4,812</b>	<b>4,838</b>	<b>7,098</b>
Individual income taxes	8.0	10.5	9.6	9.0	9.7	2,632	2,523	2,467	3,803
Payroll taxes	6.0	5.9	6.0	6.0	5.9	1,484	1,562	1,633	2,307
Corporate income taxes	1.8	1.7	1.8	1.8	1.4	425	475	479	539
Other	1.6	1.4	1.0	1.0	1.1	356	251	260	449
<b>Outlays, Total</b>	<b>21.0</b>	<b>24.8</b>	<b>23.7</b>	<b>23.8</b>	<b>24.9</b>	<b>6,208</b>	<b>6,206</b>	<b>6,493</b>	<b>9,799</b>
Mandatory, subtotal	10.9	16.3	14.6	14.3	15.3	4,076	3,825	3,885	5,997
Social Security	4.4	4.8	5.1	5.3	6.0	1,213	1,336	1,450	2,355
Major health care programs	3.3	5.6	5.7	5.6	6.7	1,404	1,508	1,528	2,629
Medicare, net of offsetting receipts	2.0	2.8	3.1	3.3	4.1	710	820	894	1,623
Medicaid, CHIP, and marketplace subsidies	1.2	2.8	2.6	2.3	2.6	695	688	634	1,005
Other	3.2	5.8	3.7	3.3	2.6	1,459	981	908	1,014
Discretionary, subtotal	8.0	6.6	6.6	6.9	6.0	1,657	1,741	1,869	2,373
Defense	4.3	3.0	3.1	3.1	2.8	746	800	848	1,105
Nondefense	3.8	3.6	3.6	3.7	3.2	910	941	1,022	1,269
Net interest	2.0	1.9	2.4	2.7	3.6	475	640	739	1,429
<b>Deficit, Total</b>	<b>-3.6</b>	<b>-5.2</b>	<b>-5.3</b>	<b>-6.1</b>	<b>-6.9</b>	<b>-1,312</b>	<b>-1,394</b>	<b>-1,655</b>	<b>-2,702</b>
Deficit, Primary	-1.5	-3.3	-2.9	-3.4	-3.2	-837	-755	-916	-1,273
Debt Held by the Public	46.9	97.0	98.0	100.4	118.2	24,257	25,716	27,370	46,445

<https://www.cbo.gov/system/files/2023-02/58848-Outlook.pdf>

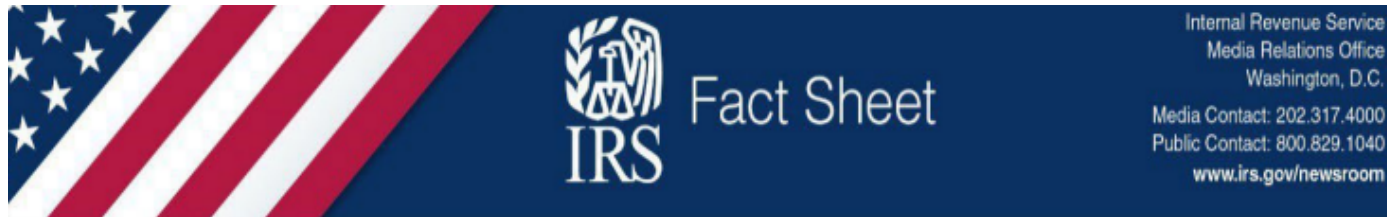
# Tax and Regulatory Numbers to Know

# EV Tax Credit – U.S. Tries to Appease EU

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- IRA Section 30D Credit provides up to \$7,500 for purchase or lease of an EV
  - \$3,750 credit for domestically assembled or manufactured batteries
  - \$3,750 credit for batteries with minerals sourced domestically or FTA countries
- IRS, Treasury waived battery criteria until March release of battery implementation requirements

# IRS Releases Updated EV FAQ, Notice



## IRS updates frequently asked questions related to new, previously owned and qualified commercial clean vehicle credits

FS-2023-04, February 2023

Note: These FAQs supersede earlier FAQs that were posted in [FS-2022-42](#) on December 29, 2022.

This Fact Sheet updates frequently asked questions related to new, previously owned and qualified commercial clean vehicle.

The FAQs revisions are as follows:

- Topic A: Eligibility Rules for the New Clean Vehicle Credit: Questions 1 and 8
- Topic B: Income and Price Limitations for the New Clean Vehicle Credit: Questions 2, 6, 8, 9, added new Question 7
- Topic C: When the New Requirements Apply to the New Clean Vehicle Credit: Question 7
- Topic D: Eligibility Rules for the Previously owned Clean Vehicle Credit: Question 4
- Topic G: Qualified Commercial Clean Vehicles Credit: Question 6

These FAQs are being issued to provide general information to taxpayers and tax professionals as expeditiously as possible. Accordingly, these FAQs may not address any particular taxpayer's specific facts and circumstances, and they may be updated or modified upon further review. Because these FAQs have not been published in the Internal Revenue Bulletin, they will not be relied on or used by the IRS to resolve a case. Similarly, if an FAQ turns out to be an inaccurate statement of the law as applied to a particular taxpayer's case, the law will control the taxpayer's tax liability. Nonetheless, a taxpayer who reasonably and in good faith relies on these FAQs will not be subject to a penalty that provides a reasonable cause standard for relief, including a negligence penalty or other accuracy-related penalty, to the extent that reliance results in an underpayment of tax. Any later updates or modifications to these FAQs will be dated to enable taxpayers to confirm the date on which any changes to the FAQs were made. Additionally, prior versions of these FAQs will be maintained on IRS.gov to ensure that taxpayers, who may have relied on a prior version, can locate that version if they later need to do so.

More information about [reliance is available](#). These FAQs were announced in [IR-2023-18](#).

FAQ:

<https://www.irs.gov/pub/taxpros/fs-2023-04.pdf>

Notice:

<https://www.irs.gov/pub/irs-drop/n-23-16.pdf>

*As of February 3, 2023*



# IRA Clean Energy Investment Guidance

- Treasury released guidance on the updated Section 48C, the Qualifying Advanced Energy Project Credit
  - Provides incentives for clean energy property manufacturing and recycling, industrial decarbonization, and critical materials processing, refining, and recycling.
  - Total funding for the program: \$10 billion, with at least \$4 billion reserved for projects in coal communities

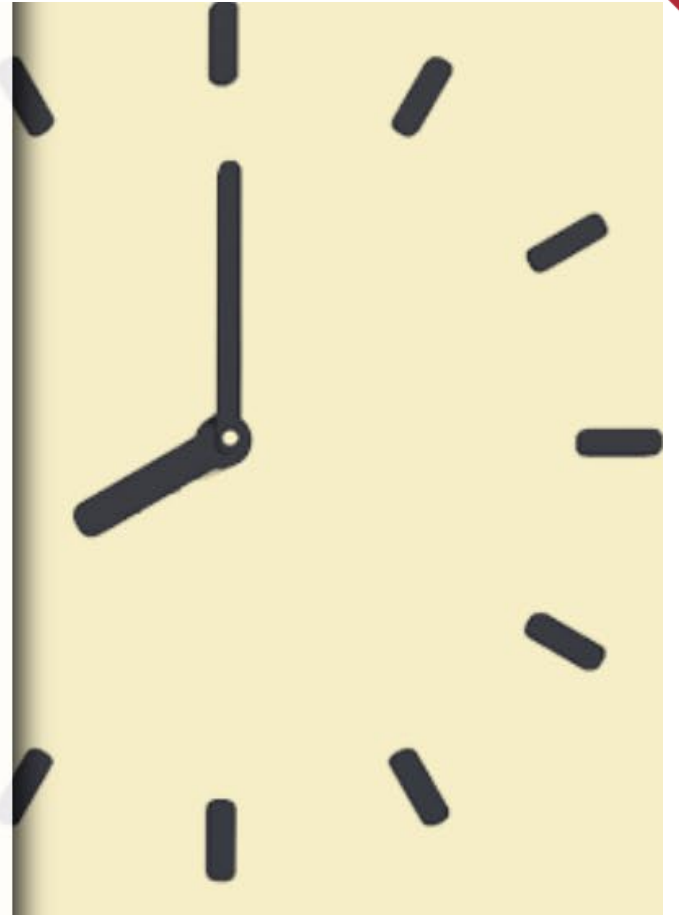
# Important OSHA Reminders

## REMINDERS:

- 1 **Post** your 300A Summary at your workplace through April.
- 2 **Submit** your 300A Summary information to the Injury Tracking Application by March 2.

[Learn More](#)

<https://www.osha.gov/recordkeeping>



# OSHA Seeks Input VPP by April 14

February 16, 2023

## US Department of Labor seeking public comments on modernizing program that recognizes employers committed to best safety, health practices

*OSHA's successful Voluntary Protection Program helps provide safe workplaces*

**WASHINGTON** – The U.S. Department of Labor announced that its Occupational Safety and Health Administration is inviting the public and workplace safety stakeholders to share their comments on how the agency can best honor companies who make exceptional commitments to workplace safety and health, and encourage others to follow.

Established in 1982, [OSHA's Voluntary Protection Program](#) recognizes workplaces that demonstrate best practices in safety and health management and serve as industry models. In the last 40 years, the program has attracted a wide variety of organizations in many industries. VPP's success has stretched OSHA resources and made it more difficult to ensure the quality of program applicants' safety and health management systems.

By opening the program to public comments, OSHA seek input from all perspectives to assist the agency as it modernizes and enhances the VPP, and continues to promote the use of workplace safety and health management systems. The [Voluntary Protection Program's modernization project](#) is seeking stakeholder input on issues such as:

- Aligning the program more closely with recent occupational safety and health management practices and system standards.
- How the program can contribute to expanding the use and effectiveness of safety and health management systems.
- Whether and how resources and tools such as “[special government employees](#),” consensus standards, third-party auditors and other methods could serve to expand the program's capacity without compromising effectiveness and oversight.
- Whether particular categories of hazards need special attention in the VPP certification process.

OSHA is asking [a series of questions](#) in 10 sections to elicit useful responses to support the project's aims. Interested members of the public should submit comments and attachments, identified by Docket No. OSHA-2022-0012, using the [Federal e-Rulemaking Portal](#). The deadline for comments is April 14, 2023.

<https://www.osha.gov/news/newsreleases/national/02162023>

# Dem AGs to OSHA: Move Heat Rule

ATTORNEYS GENERAL OF NEW YORK, CALIFORNIA, ILLINOIS,  
MARYLAND, MASSACHUSETTS, NEW JERSEY, and PENNSYLVANIA

February 9, 2023

**Via Email**

Douglas L. Parker

Assistant Secretary of Labor for Occupational Safety and Health

United States Department of Labor

200 Constitution Avenue NW

Washington, DC 20210

**Re: Petition for an Emergency Temporary Standard for  
Occupational Heat Exposure for Outdoor and Indoor Workers**

Dear Assistant Secretary Parker:

The undersigned Attorneys General of New York, California, Illinois, Maryland, Massachusetts, New Jersey, and Pennsylvania hereby petition the Occupational Safety and Health Administration (OSHA) to issue an emergency temporary standard for occupational heat exposure pursuant to Section 6(c) of the Occupational Safety and Health Act, 29 U.S.C. § 655(c), beginning May 1, 2023. Under Section 6(c), OSHA is required to promulgate an emergency temporary standard if it finds (1) workers are exposed to a grave danger in the workplace, and (2) an emergency standard is necessary to protect workers from such danger. As this petition explains, both factors are undeniably met.

- OSHA Indoor 80 Degree Heat Index Rule
- OSHA working with stakeholders now
- Small Business Review Panel expected soon
- AGs want rule by summer

# FTC Non-Compete Proposed Rule

## Action

Notice of proposed rulemaking.

## Summary

Pursuant to Sections 5 and 6(g) of the Federal Trade Commission Act, the Federal Trade Commission (“Commission”) is proposing the Non-Compete Clause Rule. The proposed rule would, among other things, provide that it is an unfair method of competition for an employer to enter into or attempt to enter into a non-compete clause with a worker; to maintain with a worker a non-compete clause; or, under certain circumstances, to represent to a worker that the worker is subject to a non-compete clause.

## Dates

Comments must be received on or before March 20, 2023.

<https://www.ftc.gov/legal-library/browse/federal-register-notices/non-compete-clause-rulemaking>



# Manufacturing.gov Act Now Law

The screenshot shows the Manufacturing.gov website. At the top is a dark blue header with the text 'MANUFACTURING.GOV' and 'A national advanced manufacturing portal'. To the right of the header are links for 'Contact' and 'Subscribe', and a search bar. Below the header is a navigation bar with 'Programs', 'News', and 'Reports'. The main content area is divided into two columns. The left column is titled 'Filter by' and contains two sections: 'Agency' with checkboxes for 'Department of Commerce (4)' and 'Multiple Agencies (2)', and 'Areas of Interest' with checkboxes for 'Manufacturing Technology (5)', 'Manufacturing Research (3)', 'Manufacturing Workforce Training (2)', 'Business Development and Trade (1)', and 'Manufacturing Operations Assistance (1)'. The right column is titled 'Programs' and contains two program cards. The first card is titled 'Advanced Manufacturing Technology (MFGTech) Roadmap' and describes a competition to develop technology roadmaps for promising advanced manufacturing clusters. The second card is titled 'Manufacturing USA' and describes the organization's mission to secure U.S. global leadership in advanced manufacturing by connecting people, ideas, and technology.

**MANUFACTURING.GOV**  
A national advanced manufacturing portal

Contact | Subscribe

Programs News Reports

Home

**Filter by**

**Agency**

- ☐ Department of Commerce (4)
- ☐ Multiple Agencies (2)

**Areas of Interest**

- ☐ Manufacturing Technology (5)
- ☐ Manufacturing Research (3)
- ☐ Manufacturing Workforce Training (2)
- ☐ Business Development and Trade (1)
- ☐ Manufacturing Operations Assistance (1)

**Programs**

**Advanced Manufacturing Technology (MFGTech) Roadmap**

The NIST Advanced Manufacturing Technology Roadmap (MFGTech) Funding Opportunity was a competition created to develop technology roadmaps for promising advanced manufacturing clusters and establish new, or strengthen existing, industry-driven consortia that address high-priority research challenges to grow advanced manufacturing in the United States. The emphasis of this funding opportunity was on technology roadmapping in areas of critical interest to the nation, including technology areas appropriate for potential future Manufacturing USA institutes. A total of \$4.2 million was awarded to 14 organizations to develop technology roadmaps over an 18-month period of performance.

[Visit](#)

**Manufacturing USA**

Manufacturing USA® was created in 2014 to secure U.S. global leadership in advanced manufacturing by connecting people, ideas, and technology. Manufacturing USA institutes convene business competitors, academic institutions, and other stakeholders to test applications of new technology, create new products, reduce cost and risk, and enable the manufacturing workforce with the skills of the future.

[Visit](#)

- President Biden signed law in December 2022
- Intended as a “one-stop” shop of resources for manufacturers
- Based on bipartisan legislation

*www.manufacturing.gov*

# Trade and Supply Chain Policy



# Commerce 232 Tariff Exclusions

Overall Stats			
	Steel	Aluminum	Overall
Total Requests Posted	289220	18473	307693
Total Granted	193262	14905	208167
Total Denied	82705	3039	85744
Total Pending	13253	529	13782
Pending - Objection Stage	8136	461	8597
Pending - Rebuttal Stage	4457	38	4495
Pending - Surrebuttal Stage	37	0	37
Pending - Decision Stage	623	30	653
Total Pending 0-99 Days	12401	384	12785
Total Pending 100-199 Days	292	68	360
Total Pending 200-299 Days	265	47	312
Total Pending 300+ Days	295	30	325
Data as of:	2/17/2023	2/17/2023	

*Source: Mike Dankler, Deputy Chief of Staff Rep. Rudy Yakym III (IN-02)*

Note from Mike: Data files that download from Commerce's 232 Portal are now unusable. The chart above is done by manual searches to parse things out so limited visibility on timeliness and essentially no visibility on objections and how those shape the process.

# Senators Raise Mexican Steel Surge

United States Senate

WASHINGTON, DC 20510

February 14, 2023

The Honorable Gina Raimondo  
Secretary  
Department of Commerce  
1401 Constitution Ave NW  
Washington, DC 20230

The Honorable Katherine Tai  
U.S. Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington, D.C. 20508

Dear Secretary Raimondo and Ambassador Tai,

We write to urge the Office of the U.S. Trade Representative and Department of Commerce to take action to stem the unsustainable surge of Mexican steel imports—particularly of steel conduit—in violation of the U.S. and Mexico’s 2019 Joint Statement on Section 232 Duties on Steel and Aluminum.

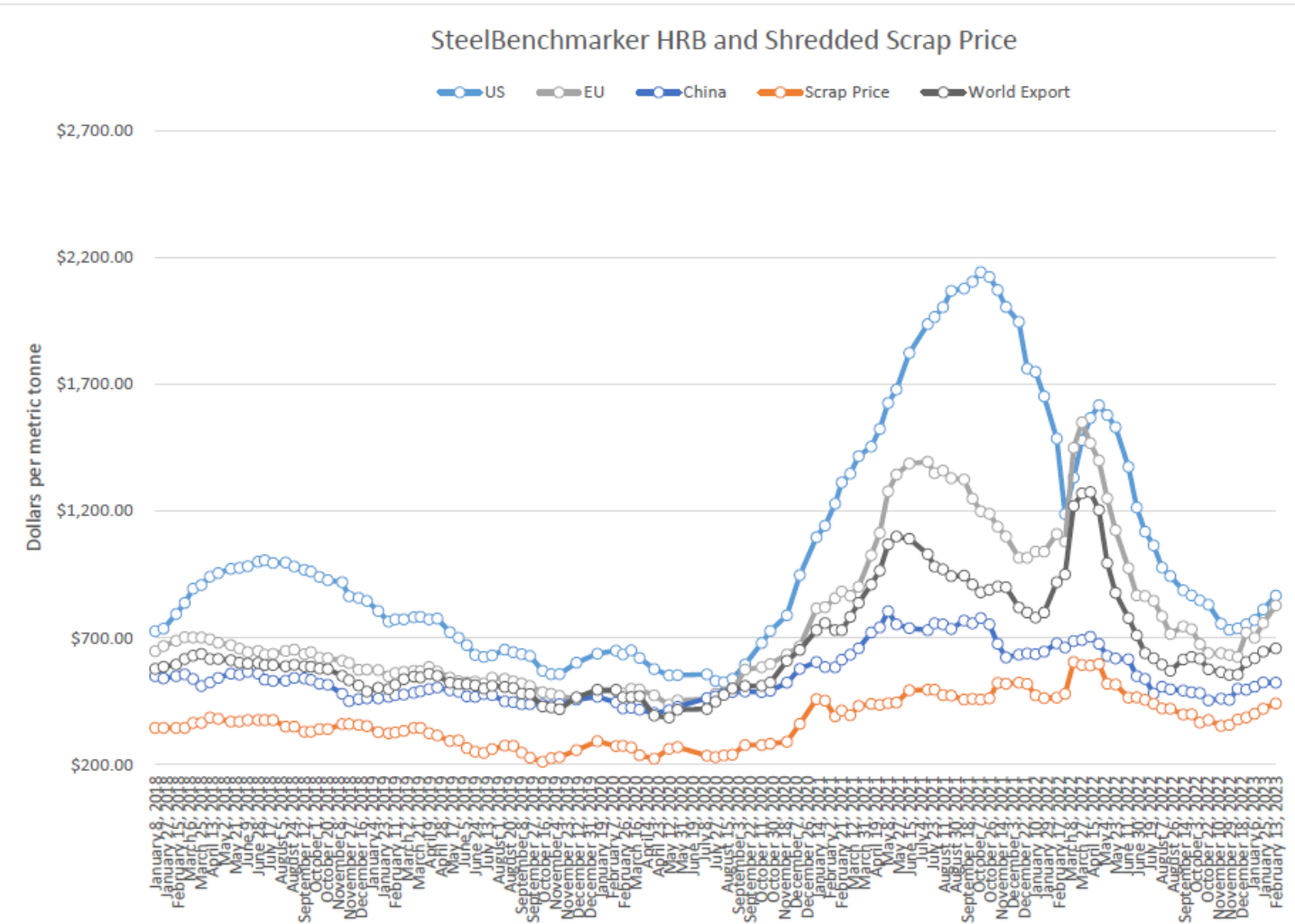
As you are aware, the United States lifted its 25 percent tariffs on Mexican steel imports in May of 2019. The previous administration reduced these duties as part of an agreement which stipulates that if steel imports “surge meaningfully beyond historic volumes of trade... the importing party may impose duties of 25 percent....in respect to the individual product(s) where the surge took place.” In recent months, it has become clear that Mexican steel imports now “exceed historic volumes of trade” and are “surg[ing] meaningfully” into our market.

Since the U.S. lifted Section 232 tariffs, Mexican steel conduit imports have reached unprecedented levels and Mexico’s penetration of the U.S. steel conduit market has more than tripled, while demand from U.S. consumers has fallen. The 2019-2022 Mexican iron and steel surge is the largest from any iron and steel exporter to the United States. In fact, the volume of annual iron and steel imports from Mexico has increased approximately 73 percent over the pre-Section 232 2015-2017 baseline, semi-finished steel and long product imports are up 120 percent, and steel conduit imports have risen by an even more disturbing 577 percent. A recent Customs and Border Protection (CBP) investigation revealed that importers misclassified Mexican steel conduit exports, concealing this extraordinary surge.

- U.S. suspended Section 232 steel tariffs on Mexico, Canada in 2019
- Industry likely to push USTR to act on import surges from Mexico
- U.S. Can reinstate the tariffs under agreement

# Steel Prices

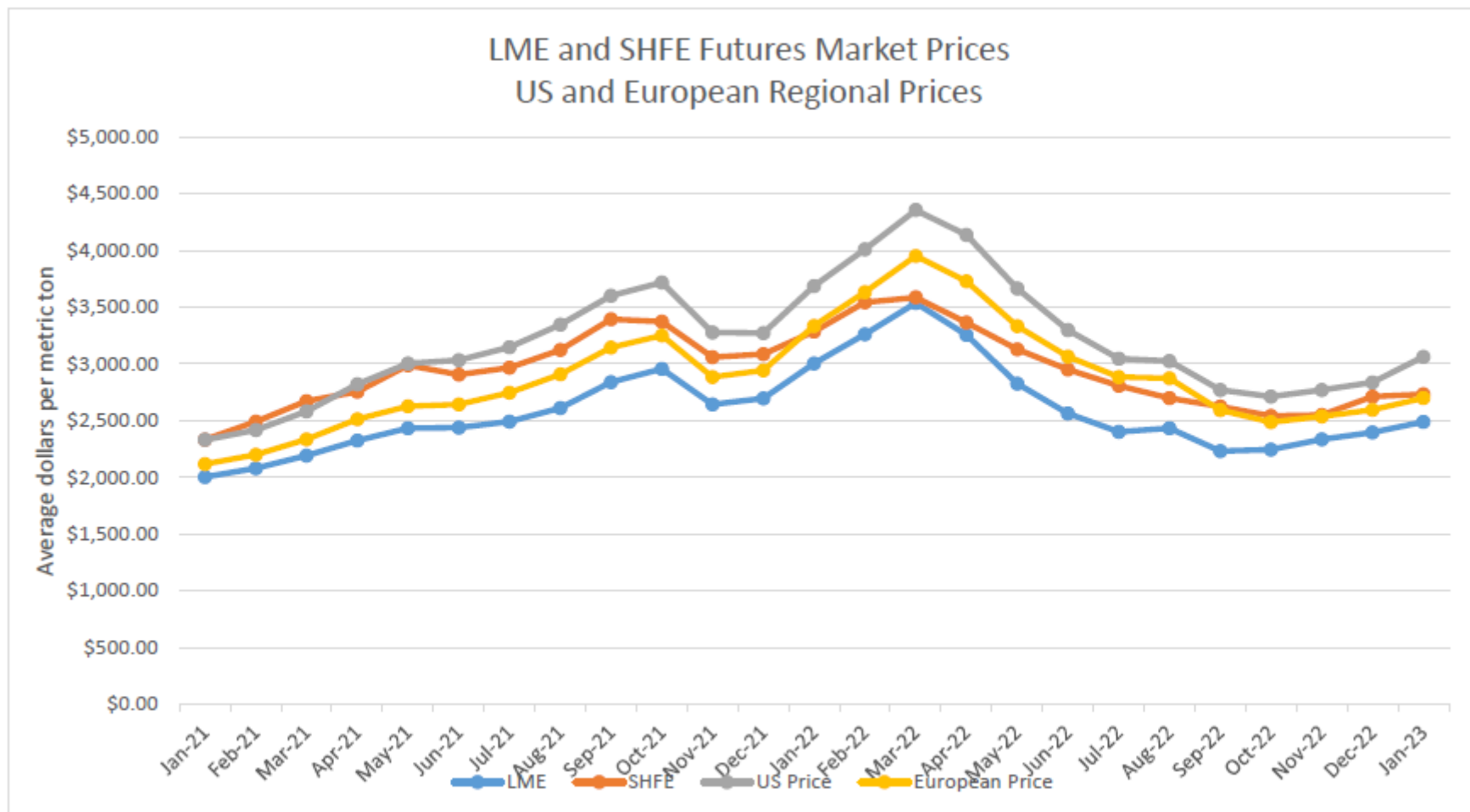
U.S. versus Global Steel Prices January 8, 2018-Feb 13, 2023  
(HRB Price)



Source: steelbenchmarker.com

# Aluminum Prices

Global Aluminum Prices January 2021-January 2023

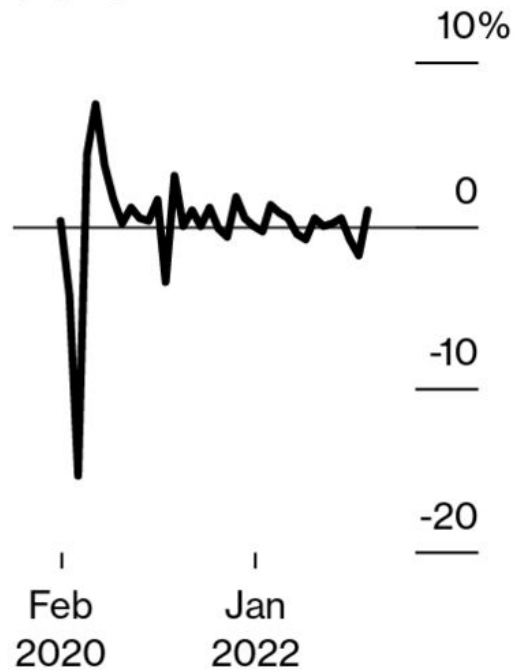


# U.S. Manufacturing Production

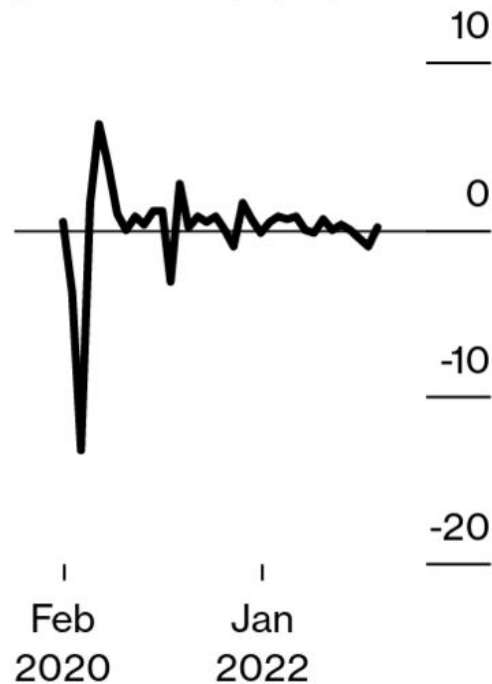
## US Factory Output Jumps Most in Almost a Year

Total industrial production restrained by weather-led drop at utilities

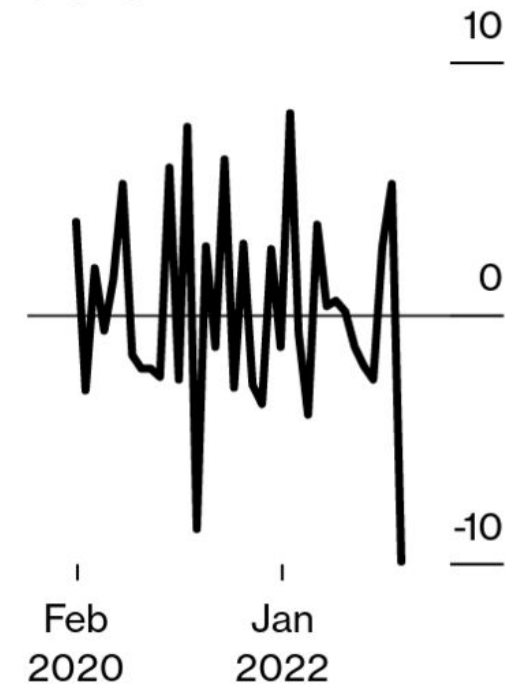
Change in factory output  
(m/m)



Change in industrial  
production (m/m)



Change in utility output  
(m/m)



Source: Federal Reserve

**Bloomberg**

# U.S. Manufacturing Production

## US Factory Production Jumps by Most in Nearly a Year

Total industrial output restrained by weather-led drop at utilities



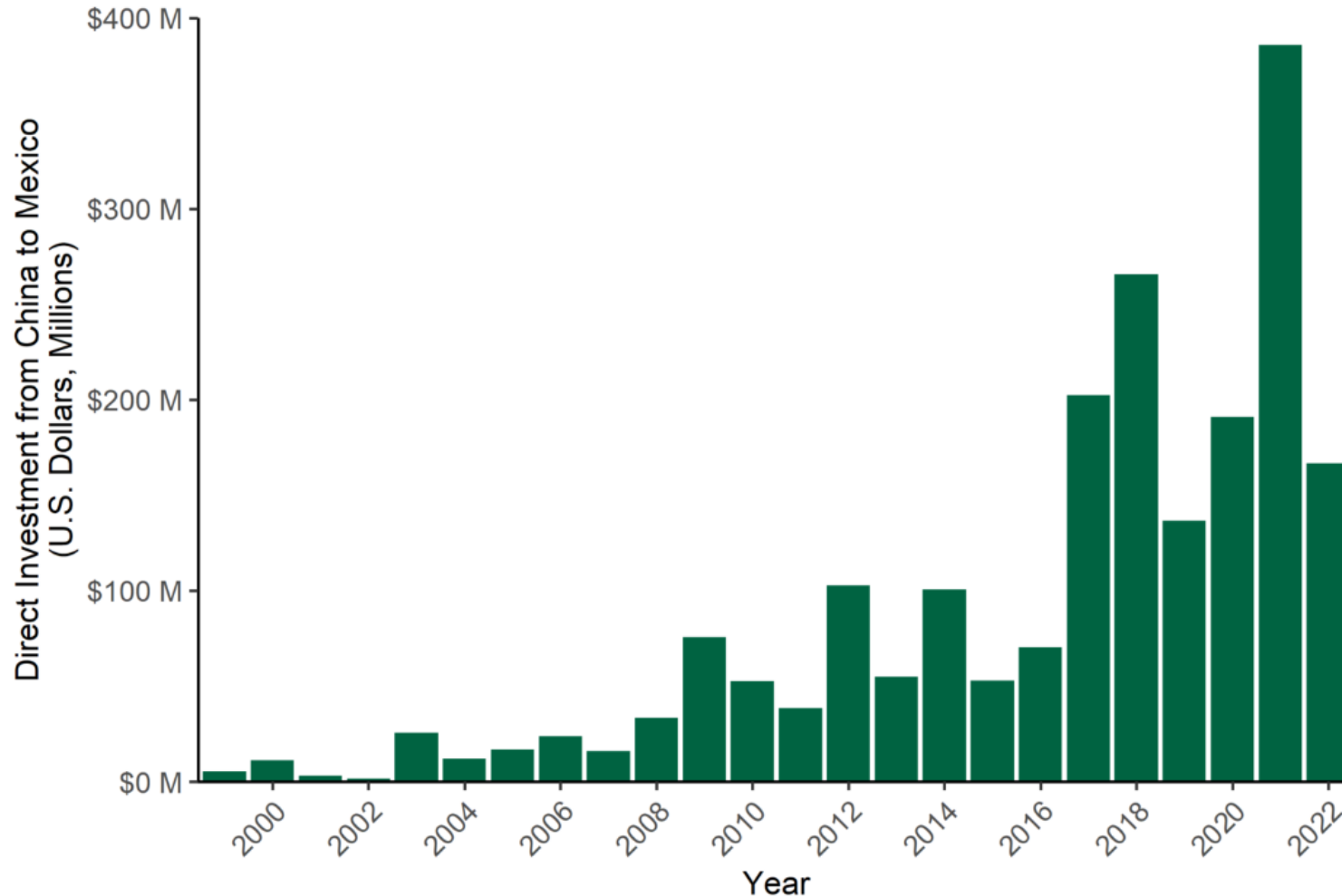
Source: Federal Reserve

Bloomberg



# Nearshoring Investment in Mexico Soars

FIGURE 1: Foreign Direct Investment from China to Mexico (1999-2022)



- Mexican industrial parks sector grew by 30%
- 97% average occupancy rate
- 47 new industrial parks planned or under construction



## ONE VOICE FOR MANUFACTURING

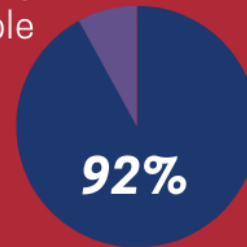
### ADVOCACY SURVEY

### JANUARY 2023

#### WHAT ARE MANUFACTURERS EXPERIENCING?

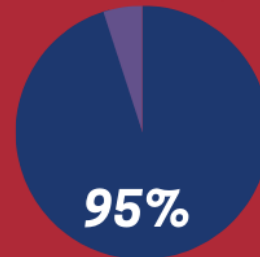
1

**92%** of companies of our members have openings and more than 50% have multiple jobs available



2

**95%** of companies that are hiring are experiencing challenges recruiting qualified employees



3

The top **three** policy issues you want us to focus on are:

- *Workforce Recruitment/Training*
- *Taxes*
- *Raw Material Prices*

## The Washington Post

*Democracy Dies in Darkness*

ECONOMY

### Biden economy keeps defying predictions. Will it last?

The combination of a hiring boom and ebbing inflation has confounded forecasters, who've been warning of a recession



By [David J. Lynch](#)

February 6, 2023 at 6:00 a.m. EST

“

At auto parts maker **Clips & Clamps Industries in Plymouth, Mich., Jeff Aznavorian** senses the approach of a mild downturn. The firm’s president is hoping this year to hang on to his existing \$15 million in annual revenue, before an anticipated surge of business in 2024.

So far, orders are holding up. Last year’s supply chain problems are just a memory. His biggest headache, he said, is uncertainty.

”

“I can see February and March pretty clearly. Beyond March, I can’t see at all,” he said.

# Stay Connected – One Voice Podcast



# 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>

# Questions?

The Franklin Partnership, LLC

Omar S. Nashashibi

[Omar@franklinpartnership.com](mailto:Omar@franklinpartnership.com)

John Guzik

[jguzik@franklinpartnership.com](mailto:jguzik@franklinpartnership.com)

Policy Resolution Group

Caitlin Sickles

[Caitlin.sickles@bracewell.com](mailto:Caitlin.sickles@bracewell.com)

Paul Nathanson

[Paul.nathanson@bracewell.com](mailto:Paul.nathanson@bracewell.com)

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

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

