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(Crain's) - As congressional leaders and the Bush administration rush to hammer out legislation to jumpstart the economy, two Illinois lawmakers are scrambling to expand the tax break for U.S.-based manufacturing that Boeing Co. and Caterpillar Inc. lobbied to win a few years ago.

Rep. Donald Manzullo, R-Rockford, and Rep. Daniel Lipinski, D-Chicago, are co-sponsoring a measure to accelerate a scheduled increase in an income tax deduction for domestic manufacturers, which replaced a special tax break for exporters four years ago, after the World Trade Organization ruled it illegal.

The current 6% income tax deduction for U.S.-based manufacturing is scheduled to increase to 9% by 2010, but the lawmakers' bill would increase it to 9% immediately, retroactive to the first of this year.

"It's a three-fer," Mr. Manzullo said in an interview. "It retains jobs because it reduces the cost of manufacturing; it creates jobs from expansion, and it may serve as an incentive to bring jobs back into the U.S." because of the 9% difference in tax rates for domestic and foreign manufacturing.

The acceleration of the tax break would cost an additional \$15 billion to \$16 billion a year, he said, but only temporarily, because it was scheduled under the original law to increase to 9% in two years.

The White House and Congress are reportedly targeting about \$150 billion in tax rebates and spending programs to dampen a potential slowdown in the economy this year.

"Manufacturing jobs are essential for strengthening and expanding the American middle class," Mr. Lipinski said in a statement. "In the Chicago region - and especially in the Third District, where manufacturing has traditionally played an important role in the local economy - this bill will have a real positive impact on many working families."

Aides to Messrs. Manzullo and Lipinski noted that Boeing, Caterpillar and other Illinois firms helped lead the lobbying effort to replace the Foreign Sales Corporation/Extraterritorial Income program with a tax deduction for domestic manufacturing in 2004.

Because talks on an economic stimulus package are moving quickly, the Manzullo-Lipinski bill was introduced before support was lined up from those companies or others that backed the original tax break. "We filed it right way because we wanted to make it part of the conversation," Mr. Manzullo said.

Lobbyists and spokesmen for Boeing and Caterpillar did not respond immediately to requests for comment.