

Aric Newhouse

Senior Vice President
Policy and Government Relations

February 17, 2011

U.S. House of Representatives
Washington, DC 20515

Dear Representatives:

The National Association of Manufacturers (NAM), the nation's largest industrial trade association representing small and large manufacturers in every industrial sector and in all 50 states, urges your support for Amendments 251 and 217 and your opposition to Amendment 213, should they be considered by the House of Representatives as amendments to the Continuing Resolution (H.R. 1).

Manufacturers support energy policies that: 1) expand domestic supplies; and 2) lower costs for U.S. consumers and for manufacturers, which use one-third of our nation's energy. Access to competitively priced energy helps U.S. companies compete in the global economy and preserves high-paying jobs here at home.

OCS Exploration. Amendment 251 sponsored by Congressman Steve Scalise (R-LA-1) would prevent delays in approving plans/permits for energy exploration in the Outer Continental Shelf (OCS). The Department of Interior's (DOI) permitting requirements have effectively brought drilling activities in the Gulf of Mexico to a halt, creating a *de facto* moratorium. Thousands of jobs have been lost among oil/gas producers and their manufacturing suppliers. Expanded access to U.S. oil/gas resources could prevent sharp fluctuations in energy prices. Key energy sectors that use natural gas as a feedstock would benefit significantly by an increase in energy resources.

Coal Ash Regulations. Amendment 217 sponsored by Congressman David McKinley (R-WV-1) would prevent the Environmental Protection Agency (EPA) from moving forward with plans that would classify coal combustion residuals (CCRs) or coal ash as a hazardous waste under the Resource Conservation and Recovery Act (RCRA). Regulating coal ash as a hazardous waste will trigger an increase in disposal expenses for coal-fired power plants and other coal ash generators, likely resulting in higher energy costs for manufacturers. It would also negatively impact businesses that use coal ash to manufacture wallboard, hot mix asphalt and concrete.

Environmental laws/regulations should be designed with utmost care to ensure they are effective in achieving their desired objectives, and at the same time avoiding unnecessary adverse economic and social impacts. We urge your support for the McKinley amendment.

Punitive Taxes on U.S. Energy Producers. Amendment 213 sponsored by Congressman Ed Markey (D-MA-7) would impose roughly \$50 billion in tax increases on major oil and gas companies by: repealing the Section 199 domestic manufacturing tax

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credit for these companies; prohibiting their use of last-in, first-out (LIFO) accounting methods; changing the tax treatment of dual capacity taxpayers; and more.

The NAM strongly opposes discriminatory tax policies, especially when they single out a particular type of business or industry sector. Tax increases on the oil and gas industry will lead to increased fuel costs for American manufacturers and consumers. Raising the price of fuel for manufacturers and the broader business community will further stifle their ability to expand and create jobs. We urge your opposition to the Markey amendment.

The NAM's Key Vote Advisory Committee has indicated that votes on Amendments 251, 217 and 213, including procedural motions, may be considered for designation as Key Manufacturing Votes in the 112th Congress.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Aric Newhouse". The signature is written in a cursive style with a long horizontal flourish at the end.

Aric Newhouse