



August 5, 2022

The Honorable Ron Johnson
U.S. Senator
328 Hart Senate Office Building
Washington, DC 20510

The Honorable Tammy Baldwin
U.S. Senator
709 Hart Senate Office Building
Washington, DC 20510

RE: Inflation Reduction Act, H.R. 5376

Dear Senators Johnson and Baldwin:

Wisconsin Manufacturers & Commerce (WMC) is Wisconsin's largest business association representing 3,800 employers of all sizes and from every sector. WMC urges you to oppose the Inflation Reduction Act (H.R. 5376).

There are many reasons to dislike this budget reconciliation package, including the fact that the Congressional Budget Office revealed this week that at best, it will reduce inflation by 0.1 percent, or may increase inflation by the same number.

But the most important reason to oppose the bill is because of its negative impact on manufacturing, which is Wisconsin's largest economic sector. Wisconsin has more than 8,000 manufacturers who employ 475,000 people with an average compensation of \$74,252 per year. Wisconsin manufacturers generate roughly \$65 billion in total output each year.

H.R. 5376 includes a number of provisions that will raise costs for manufacturers, making them less competitive globally.

Even with proposed changes by Senate Democrats, the bill will still raise taxes by hundreds of billions of dollars and further burden businesses with increased regulatory red tape. The tax and spend policies in this bill will reduce economic output and lead to job losses in Wisconsin's largest industry.

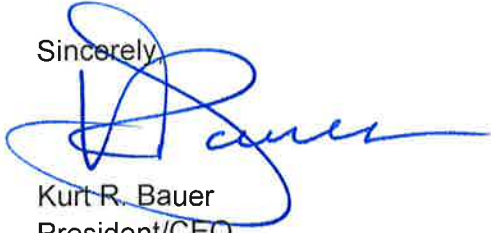
Manufacturers have already been hit hard by spiking energy costs, which impacts both the cost of production and the transport of goods to and from factories. Manufacturers are also struggling to cope with inflation. In June, the Producer Price Index rose 11.3 percent to reach a 40-year high.

Add to the mix the lingering supply chain disruptions, an acute labor shortage, as well as a U.S. economy now in the traditional definition of a recession, and you can plainly see that Wisconsin manufacturers are already facing powerful headwinds.

Instead of raising the cost of production for U.S. manufacturers, I urge you to work with your colleagues in Congress and within the Biden Administration to pursue tax, energy, workforce and other policies that incentivize the reshoring of industrial production and jobs. Doing so would not only grow the U.S. economy, but also strengthen our national security.

Again, I urge you to stand up for Wisconsin's largest economic sector and the thousands of Wisconsinites who work in it, both directly and indirectly, by opposing H.R. 5376.

Sincerely,



Kurt R. Bauer
President/CEO