Equipment manufacturers support tax and fiscal policies that promote investment, competitiveness, and job creation.

**Our Position**

Recent U.S. tax reform has created a tax code that will help equipment manufacturers compete and win. The full economic effect of tax reform will take years to play out, but it is already making a meaningful difference for the 2.8 million men and women of the equipment manufacturing industry. Immediate benefits of the tax law include increased wages and benefits, expanded capital expenditure plans, and greater investments in workforce training and philanthropy. Any effort to increase the corporate tax rate or repeal pro-growth provision in tax reform would make equipment manufacturers less competitive, meaning less investment and fewer jobs.

**Policy Priorities**

As the voice of equipment manufacturers and the 2.8 million men and women of the industry, AEM urges lawmakers to take five key steps to further boost equipment manufacturing in the United States.

- First, further reduce the tax burden on equipment manufacturers organized as corporations to make America an even more attractive place to invest.
- Second, make permanent - and consider increasing - the new 20 percent deduction for business income earned through a pass-through entity.
- Third, roll back provisions that make research more expensive.
- Fourth, ensure that key incentives for capital equipment purchases remain in the tax code.
- Fifth, prevent changes to the deductibility of interest expense from taking effect.

More than 30 years passed between the Tax Reform Act of 1986 and the enactment of the Tax Cuts and Jobs Act. In the intervening decades, our tax code became a drag on American businesses. This is why AEM asks Congress to continually re-assess the competitiveness of the tax system, and to examine whether wholly new provisions of the TCJA are having their desired economic effect and are being implemented in a manner consistent with legislative intent.

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**Why Equipment Manufacturing Matters**

Manufacturing has the highest multiplier effect of any economic sector. For every $1.00 spent in manufacturing, another $1.81 is added to the economy. Hiring one manufacturing employee creates an additional 3.4 jobs elsewhere in the economy.

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