

# ACA FEDERAL PRIORITIES

The American Coatings Association (ACA) represents the \$30 billion paint and coatings industry in the United States, operating in all 50 states, and employing almost 290,000 people engaged in the manufacture and distribution of its products at over 46,000 establishments. ACA is working with Congress to ensure the continued growth and success of the U.S. paint and coatings industry and its part in delivering high-quality foodstuffs, durable goods, housing, furniture, and thousands of other products to the American consumer.

## REGULATORY REFORM

Federal regulatory reform is overdue. The regulatory process needs to be more transparent, agencies more accountable, and regulations more cost-effective. ACA believes that Congress can facilitate a more open, thoughtful, and accountable regulatory process by providing for the appropriate variety of regulatory analyses. Regulatory oversight can help reduce unnecessary burdens and increase the benefits of rulemaking. Excessive or poorly designed regulations can cause confusion and delay, give rise to unreasonable compliance costs in the form of capital investments, increase labor and administrative burdens, stifle innovation, reduce productivity, and distort private incentives.

### ACA Position

ACA supports reform efforts that would:

- Increase Congressional oversight of regulatory costs and benefits;
- Require regulatory flexibility analyses to include alternatives to the proposed rule that would maximize net economic benefits or minimize net economic costs; and
- Greater Congressional oversight of the impact of new regulations and the efficacy of existing regulations.

ACA supports H.R. 5, The Regulatory Accountability Act; H.R. 21, the Midnight Rules Relief Act; H.R. 26 the Regulations from the Executive in Need of Scrutiny (REINS) Act; and H.R. 1430, the Honest and Open New EPA Science Treatment (HONEST) Act.

## TAX REFORM

ACA's manufacturer and supplier members face higher tax costs than almost all of their competitors in other countries. The current tax system is a regulatory quagmire that consistently undermines manufacturers' ability to compete and succeed in the global marketplace.

### ACA Position

Tax reforms must encourage innovation and spur investment, job creation, and economic growth. The key ingredients for a comprehensive tax reform plan include:

- A lower Corporate Tax Rate;
- A robust Capital Cost-Recovery System;

- Equitable treatment of small businesses filing under Subchapter S of the tax code in areas such as expensing of certain investments;
- Encouraging investment by making permanent a competitive R&D tax credit;
- A modern International Tax System that facilitates U.S.-based manufacturing; and
- A two-rate approach in taxing foreign earnings that distinguishes between short-term cash reserves and income reinvested in other assets.

## TRADE POLICY

ACA members compete in a global market and need policies that support fair and open markets.

The U.S. coatings manufacturing base exports a significant portion of its production to Mexico and Canada — \$1.5 billion in 2016, accounting for two-thirds of the industry's exports — and the United States benefits from a consistently strong trade surplus with both countries. Most U.S. paint and coatings companies are in the global marketplace and want a level playing field for U.S. exports with all trading partners.

### ACA Position

ACA encourages Congress to work with the Administration to promote U.S. exports, remove tariff and non-tariff barriers to U.S. goods and services, and increase access to markets through free trade agreements and other bilateral and multilateral agreements.

On NAFTA, modernization efforts should preserve the current benefits for the coatings industry in a trilateral format. Issues to consider include re-importation of goods to Canada; import and export procedures between the United States and Mexico, application of tariff shift rules OR regional value content calculations on raw material inputs; and robust market access commitments and investment protections, enforceable through investor-state dispute settlement.

## INFRASTRUCTURE INVESTMENT

Paints and coatings are a significant contributor to efforts to improve America's infrastructure, including:

- Coatings for water transmission, which improve the pipeline infrastructure and serve as an internal lining and a corrosion-resistant external coating, for both potable and non-potable water transmission pipelines;
- Coatings applied to steel structures that slow or delay the corrosion process and significantly extend the life of the steel by 15 or more years, even in offshore environments;
- Coatings for the railroad industry that reduce the potential for derailments; prevent shifting or movement from the force of passing trains; and permanently protect rail structures from

126 481.08s3 inf 481el m(engom liniil )TJETEMC Span King (en-US)MCID 105 DC B10 0 0 10 72.31416429.0811 Texreslinimetatee