American Iron and Steel Institute

2018 Public Policy Agenda

AISI Priorities on Tax Policy

AISI supports tax policy that encourages manufacturing activity in the United States and increases the global competitiveness of domestic steel producers. In addition to the recent reduction of the corporate tax rate, simplification of the tax code and a broadening of the tax base, continued promotion of capital investment is crucial for economic growth and job creation. Cost recovery systems, such as accelerated depreciation and full expensing, directly impact whether or not manufacturing companies will make new investments, and must be a central feature of federal tax policy.

AISI urges the Administration and Congress to ensure that the tax code maintains the following key provisions:

- ***A competitive corporate tax rate –*** The corporate tax rate should be maintained at a level that will promote the international competitiveness of U.S. industry. The current corporate tax rate of 21 percent will generate more domestic investment, greater economic growth and new American jobs. Any future changes to the tax code should not raise the corporate rate and threaten these benefits.

- ***Accelerated cost recovery –*** A robust cost-recovery system is vital to a pro-growth tax code and AISI applauds last year's tax reform including provisions to promote domestic capital investment and a lower cost of capital, such as maintaining the Modified Accelerated Cost Recovery System, allowing for 100 percent expensing of investment in plant and equipment, and preserving percentage depletion. Such provisions are essential to encourage economic growth and job creation.

- ***LIFO accounting method –*** Any future changes to the tax code should continue to permit the use of the last-in, first-out (LIFO) method of accounting which has been a widely used and accepted accounting method for decades. LIFO allows companies that are subject to rising inventory costs to be properly taxed on their real income.

- ***Necessary and appropriate transition rules –*** It is critical that U.S. companies continue to be allowed to carry with them into the new tax system net operating losses (NOLs) and other tax assets they have accumulated under the previous system, and that no new limitations be placed on the carryforward of NOLs.