



## Clinton Offers Manufacturing Tax Credit Proposal

Paul C. Barton

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The government should provide tax incentives to encourage investment in communities hard hit by the loss of manufacturing jobs, Democratic presidential front-runner Hillary Clinton said December 8.

Clinton recommended that a group of incentives to be called the "Manufacturing Renaissance Tax Credit" be made available to communities after a significant plant closure or round of layoffs in their areas. The credit would also be available to communities expecting to suffer such losses, according to a campaign fact sheet.

The credit, modeled after the new markets tax credit that Congress approved in 2000, would allow communities to apply for new investment tax incentives to attract capital, business, and jobs, the fact sheet says, adding that the incentives involve a zero capital gains option on long-term investments, as well as relief for renovating, refurbishing, or repurposing plants.

The campaign provided no estimate of the cost of the tax incentives.

Clinton also called for expanding President Obama's National Network for Manufacturing Innovation program, which supports the creation of regional centers that bring together workers, businesses, universities, and community colleges to develop advanced technologies and production methods that provide good-paying jobs. She also wants to double funding for the Manufacturing Extension Partnership, a public-private program that provides federal support to help small- and mid-sized U.S. manufacturers compete.

The former secretary of state has been doling out a series of proposed business- and worker-related tax incentives since her campaign began in April. On December 9 Clinton is scheduled to release a tax proposal designed to discourage corporate inversions.

Conservative fiscal analysts immediately took issue with Clinton's latest proposal.

"The solution to getting manufacturing back in America is not the Clinton approach of more crony capitalism, such as complex tax credits and subsidies," Chris Edwards of the Cato Institute

told Tax Analysts. "Corporations are already too tied to the government. Instead, the solution is simple -- cut the corporate tax rate to 15 percent as [Republican presidential candidate] Donald Trump proposed, and enact expensing for capital equipment, which particularly would benefit manufacturing."

Curtis Dubay of the Heritage Foundation called the plan "anathema to tax reform." He added, "The tax code should not be used to pick winners and losers and should not be used as a tool of industrial policy. By creating a manufacturing credit, Hillary Clinton would do both. She would give an advantage to the manufacturing sector, but only those businesses that meet the criteria laid out for receiving the credit."