



The Biden-Harris Plan to Fight for Workers by Delivering on Buy America and Make It in America

President Trump chooses multinational corporate interests over American workers again and again. He promised a major infrastructure plan and policies to end outsourcing and bring jobs back to the United States. Instead, he created a tax loophole that actually rewards companies for shipping jobs and profits overseas. While Trump talks about Buy American on Twitter and TV, he's allowed companies receiving federal contracts -- paid for with taxpayer dollars -- to offshore at higher rates.

President Trump talks and talks - but he has failed to deliver results for American workers.

That ends under the Biden-Harris administration. As part of their plan to Build Back Better, Joe Biden and Kamala Harris are announcing **two new bold steps** to ensure the future is Made in America by all of America's workers.

First, Biden and Harris will fix our tax code so that it promotes a "Made in America" future, establishing a Biden Offshoring Tax Penalty and a Biden "Made in America" Tax Credit, and closing the Trump Offshoring Loopholes.

Second, Biden will sign a series of executive actions in his first week as President to ensure the federal government is delivering on its obligation to use taxpayer dollars to Buy American products and support American supply chains.

I. Create A "Made in America" Tax Policy with a New Biden Offshoring Tax Penalty and a new Biden Made in America Tax Credit:

The Trump Corporate Giveaway Tax plan, passed in 2017, gave the largest tax cut ever to major multinational companies with no requirement that they invest in America or hire American workers. It gave American companies new incentives and created loopholes that allowed them to get a major tax cut – or even avoid all US taxes – by moving production and profits overseas, including for goods that are sold back into the United States. It is no wonder that:

- Under Trump, **manufacturing** went into recession in 2019 -- before COVID-19 hit.
- The **number of jobs brought back** -- "reshored" -- **to the United States last year under Trump** was lower than the number of jobs reshored in 2016 under the Obama-Biden administration.
- Our **global trade deficit in goods** and our trade deficit in goods with **Mexico has hit an all-time high**, and our trade deficit with **China spiked in July and August**.

Joe Biden will fight for American workers and pursue a series of tax reforms to stop outsourcing and promote the return of manufacturing to America's shores.

Biden will Impose an New Offshoring Tax Penalty.

The Trump tax giveaway is upside down and backwards. We should be penalizing offshoring -- not rewarding it. We should be giving incentives to those who hire American workers and Make it in America – not using our tax code to put these U.S. job creators at a competitive disadvantage behind those who choose to offshore and outsource jobs.

Today, Biden is announcing that he will impose a Biden Offshoring Tax Penalty. This penalty is specifically aimed at those who offshore manufacturing and service jobs to foreign nations in order to sell goods or provide services back to the American market.

- Biden will establish a 28% corporate tax rate, plus a 10% Offshoring Penalty surtax, on profits of any production by a United States company overseas for sales back to the United States. **Companies will pay a 30.8% tax rate on any such profits.**
- Biden's offshoring penalty surtax will also apply to call centers or services by an American company located overseas but serving the United States, where jobs could have been located in the United States.
- Biden will also implement strong anti-inversion regulations and penalties.
- Biden will also deny all deductions and expensing writeoffs for moving jobs or production overseas – where those jobs could plausibly be offered to American workers.

Biden Will Establish a New “Made in America” Tax Credit to Save and Create Manufacturing Jobs.

Joe Biden believes that when we use U.S. taxpayer dollars to provide incentives for US companies, those dollars should encourage good-paying job creation in the United States, not give windfalls to well-off investors or CEOs or Wall Street.

The Biden-Harris tax policy, therefore, will not only *penalize* the offshoring of American jobs, it will *reward* those who invest and create jobs here in America. That is why Joe Biden will reverse Trump's historic corporate giveaway and offshoring loopholes and devote a portion of those funds to reward those who hire American and invest in America.

Today, Biden is announcing a A New “Made in America” Tax Credit. This will be a 10% advanceable tax credit for companies making investments that will create jobs for American workers and accelerate economic recovery to build back better. It will be available for the following purposes:

- **Revitalizing Existing Closed or Closing Facilities:** Companies that invest in revitalizing a closed or closing facility, so that it can reopen for job-creating production in any manufacturing area. For example, if a new company or worker-owned cooperative were to reopen or renovate a closed factory to produce a new product, it would be eligible.
- **Retooling Any Facility to Advance Manufacturing Competitiveness and Employment:** For example, an auto company that retools an existing factory to produce next generation electric vehicles; a steel plant that invests in new machinery and equipment to meet new Buy American standards, or to improve export competitiveness as long as they maintaining their overall U.S wage base. Criteria for investment may be expanded for selected industries deemed essential for national or health security or select industries of the future being subsidized by the Chinese government.
- **Reshoring Job-Creating Production to the United States:** Any expense or new investment related to the process of bringing back production - or call center jobs or other service jobs -- from overseas to the United States, including shipping and moving costs and the costs of training new personnel.
- **Expanding or Broadening US Facilities to Grow Employment in the US:** The expansion of job-creating production will be eligible for the credit, as long as the investment represents an expansion of US production and not simply relocating existing jobs or production within the United States.
- **Expanding Manufacturing Payroll:** The Made In America Tax Credit will be applied to a company's incremental increase in overall manufacturing wages in the United States. The tax credit will apply to the increment of increased wages -- above that company's historic, pre-COVID baseline -- for manufacturing jobs paying up to \$100,000.

Biden Will Close the Trump Offshoring Loopholes

Rather than put American jobs and American workers first, Trump created a permanent tax giveaway for companies that offshore U.S. jobs and profits. Under Trump's new pro-offshoring tax system, an American company making cars or parts or household appliances in the United States pays full US taxes on any profits they make. Yet, a company that moves jobs and production overseas and then exports those products back to the US can now avoid all or virtually all US taxes.

Trump created three major offshoring loopholes in his 2017 tax plan.

- First, he allows a United States company that locates production or call centers overseas to pay ZERO U.S taxes on their first 10% of profit -- while a US company would pay FULL taxes on those same profits.

- Second, under Trump’s tax plan, companies that combine strategies to move production overseas and to park profits in tax havens can avoid paying all U.S. taxes.
- Third, even when U.S taxes apply they are at only HALF the rate a U.S. company making products or providing services in the United States would pay.

These Trump offshoring loopholes mean if you manufacture products in Michigan or Wisconsin or Ohio you must pay full taxes, but if a competitor moves jobs and production overseas and shifts those profits to tax havens, they can avoid some or all US taxes and have a competitive advantage over those making it in America and hiring in America.

For example, under Trump’s new offshoring loopholes, a company sending jobs to a low or zero-tax location could pay nothing on the first ten percent of their foreign income and pay only half the US rate on the remainder of their foreign income. Even if that same company shifted jobs to a higher-tax jurisdiction, under Trump’s offshoring loopholes they can use those operations to shield income that company has parked in tax havens - so that their overall profits from offshoring are only a fraction of what they would have been if the company had located those jobs in the United States.

Biden will Close the Trump Offshoring Loopholes By:

- End the Trump Loophole of allowing U.S companies to pay ZERO taxes on the first 10% of their profits when they locate manufacturing and service jobs in foreign nations.
- Require a true minimum tax on ALL foreign earnings of United States companies located overseas so that we do our part to put an end to the global race to the bottom that rewards global tax havens. This will be 21% -- TWICE the rate of the Trump offshoring tax rate and will apply to all income.
- End the Use of Tax Haven Strategies to Allow US Companies to Offshoring Jobs and Avoid US Taxes: Biden will close this loophole by ensuring that the minimum tax applies to earnings in each foreign country separately to prevent this form of tax avoidance by US multinational companies.

II. Make Buy America Real in the First Week: In his first week in office, Biden will sign executive actions to strengthen Buy American where Trump has failed.

Biden starts with a pretty basic idea – when we spend taxpayer money, we should buy American products and support American jobs. Almost 90 years ago, Congress passed the Buy American Act to advance this basic idea. But we have never fully lived up to it. And, while President Trump talks about Buy American, his actions have made matters worse -- more loopholes, more offshoring by federal contractors, more taxpayer dollars going to foreign firms. Joe Biden will sign a series of executive actions that:

Use authorities under the Defense Production Act and the Federal Property and Administrative Services Act of 1949 Act to enforce Buy American rules. President Biden will issue an executive order using the full extent of these powers to direct federal procurement to abide by Buy American rules and ensure critical goods are produced at home when America needs them.

Expand and Tighten Buy America rules for public infrastructure projects. Biden will issue an executive order to ensure American steel, aluminum, and other critical materials are used across federal-funded American infrastructure products while eliminating current loopholes in implementation of the Buy America Act that covers public transportation projects.

Make American products more competitive in public procurement. Biden will direct federal agencies to review and alter price adjustment rules that have let foreign goods beat out American products under Trump's procurement processes.

Expand the scope of critical materials that must be made with US origin components -- beyond critical medicines. President Biden will expand the list of critical materials to protect American supply chains and end unfair foreign competition in American procurement. Biden will also make sure that the list of designated "non-available materials" that are not subject to Buy American only in circumstances of absolutely infeasibility, and will review and close existing loopholes that have undermined these policies under Trump.

Crack down on companies that label products as Made in America even if they're coming from China or elsewhere. For example, a company selling deployment bags to active-duty troops falsely claimed its products were Made in America, when in reality they came from China. And when an American competitor filed a complaint with the Federal Trade Commission, the Trump Administration imposed no penalties

Create a new "Made in America" Office within the White House Office of Management and Budget. This office will manage American procurement policy to ensure compliance with Buy American rules. It will review all potential Buy American waivers to ensure compliance with the Biden Administration's objectives to protect American jobs, and it will establish a transparent, public record of any and all waivers to Buy American rules. The mission of the office will be to create more high-paying American jobs through procurement policy.

The Trump Record of Broken Promises

Trump has talked a big game on ending offshoring, strengthening Buy American rules, and supporting American jobs. But like so many of his promises, he has failed to deliver for American workers. He picks multinational corporate interests over American workers every time. Under President Trump's failed leadership, good-paying American jobs have continued to go overseas. The manufacturing sector [went into a recession](#) under Trump's watch, *even before COVID-19*. And, his Buy American promises are still just empty words. In fact, on Trump's watch, some of the biggest corporations receiving billions in Trump federal contracts and Trump tax giveaways have been the most aggressive about [offshoring jobs and production](#).

Trump's Promises, In His Own Words:

- [“We'll create 25M jobs when I'm president, and I will DELIVER!”](#)
- [“I will be the greatest jobs president that God ever created.”](#)
- [“I will bring our jobs back to the U.S...and keep our companies from leaving. Nobody else can do it.”](#)
- [“I am going to keep our jobs in the U.S. and totally rebuild our crumbling infrastructure.”](#)
- [“No longer are we going to allow foreign countries to cheat our producers and our workers out of federal contracts. Everyone in my administration will be expected to enforce every last Buy American provision on behalf of the American worker.”](#)

The Reality of the Trump Economy:

Jobs:

- Trump is down [4.7 million jobs](#). He is on track to be the first president since Herbert Hoover to be net job loser on his watch.
- Under Trump, **US manufacturing entered a recession**, contracting 1.3% in 2019 while the rest of the economy grew.
- Trump's tariff war with China cost the US [300,000 jobs](#) in its first year.
- Trump was creating auto jobs at one-third the rate of Obama-Biden – and creating 23% less jobs than Obama-Biden – even before he botched the COVID crisis.

Offshoring:

- The number of offshore jobs that companies announced they'd return to the United States last year was less than in the last year of the Obama-Biden administration -- and barely makes a dent in the millions of jobs lost under the Trump Administration.
- Under President Trump, the rate of offshoring by federal contractors [more than doubled](#).
- President Trump's tax giveaway incentivized big pharmaceutical companies to move manufacturing to other countries. America's pharmaceutical trade deficit has [nearly doubled to \\$93 billion](#). [“Imports of pharmaceutical products have soared after the passage of the Tax Cuts and Jobs Act, even as firms raised prices and made their potentially life-saving innovations more expensive for American consumers.”](#)

- Trump couldn't even stop the very companies that he invited to the White House for his "Pledge to America's Workers" from outsourcing. Those companies outsourced more than 7,000 jobs, even while receiving lucrative federal contracts.
- The trade deficit under Trump has surged to its highest level in 12 years.
- The trade deficit with Mexico is the highest in history.
- The manufacturing trade deficit has seen a particular increase under Trump. On Trump's watch the US reached a record trade deficit with the world for trade in goods.

Buy American and Buy America:

- Contracts awarded directly to foreign companies are up 30%.
- According to the Los Angeles Times: "From his earliest days in the White House, President Trump vowed to throw the full weight of the administration behind a 'Buy American, Hire American' campaign that would bolster the economy and bring home jobs. ***But despite repeated vows to act and the unveiling of new initiatives, almost nothing has changed.*** Even the federal government, which spends billions of dollars buying goods as diverse as meat, salad greens, medical equipment and jet fighters, has not increased the share of what it spends at home versus what it buys overseas."
- Scott Paul, President of the Alliance for American Manufacturing: "For a President who almost every day on the campaign trail said 'Buy American and Hire American' he has actually done very little to move the ball forward on that."
- Lori Wallach, director of Public Citizen's Global Trade Watch: "Trump has no interest in real change, but rather exploits 'Buy American' proclamations for political purposes."

Federal Tax Cuts and Contracts to Companies Offshoring Jobs and Production:

- AT&T cut thousands of jobs, while Trump gave them \$1 billion in federal contracts and a \$3 billion per year tax cut.
- General Electric outsourced more than 2,000 jobs from Virginia to India in 2018, while receiving \$2.6 billion in contracts from Trump.
- Boeing offshored more than 2,000 U.S. jobs while receiving \$29 billion in contracts and a \$1.1 billion tax cut from Trump.
- After Siemens closed a factory in Iowa, eliminating 107 American jobs, their CEO congratulated Trump on the tax cuts. That makes sense, because they received \$550 million from the 2017 tax cuts.
- After Trump promised to stop Carrier from offshoring, the company not only continued to offshore 1,000 jobs, they got Trump's permission to do it and \$2.6 billion in contracts from him.
- In the wake of Trump's corporate giveaway and his tariff war, Harley-Davidson announced it would slash 800 manufacturing jobs, repurchase almost \$700 million worth of its own stock, and shift some of its production overseas.

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