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AF&PA supports comprehensive tax reform that encourages economic growth, job creation, and the competitiveness of all U.S. businesses. Central to this is a tax system with a low corporate tax rate, support for investment in U.S. manufacturing and its global supply chain, and an international tax system that reflects a globally competitive territorial tax system.

The U.S. forest products industry — made up of both C-corporations and pass-through entities — is a significant contributor to the U.S. economy, employing nearly 900,000 men and women in above-average wage jobs, investing heavily in equipment and improvements, and exporting products throughout the world. The industry produces more than \$200 billion in paper and wood products annually and accounts for approximately 4 percent of the total U.S. manufacturing GDP.

The U.S. forest products industry also supports jobs in other sectors of the U.S. economy. A recent study conducted by the Economic Policy Institute found that each paper industry job supports 3.25 jobs in supplier industries and in local communities as the result of re-spending and tax receipts.

We are highly capital-intensive and have made significant investments and facility upgrades in recent years. According to the Annual Survey of Manufacturers, in 2015 the paper and wood products industry invested \$12 billion in plant and equipment. Items such as recovery boilers, turbine generators, paper machines, and environmental controls are critical to maintaining technologically advanced manufacturing facilities that compete in an extremely competitive global marketplace.

To ensure capital-intensive manufacturers invest and expand with new and more efficient equipment, we support appropriate depreciation, interest expense, and research and experimentation tax policies. Further, capital gains and dividends rates for individuals should be tailored to ensure U.S. equity markets remain a reliable source of capital.

AF&PA believes that a reformed tax code should be long-term, prospective, provide for a smooth transition, and not result in negative market bias.