



The Cutting Edge: April 2019

The Cutting Edge is a bimonthly newsletter produced the Arizona Manufacturers Council.

It's full-steam (and zero-emissions) ahead for Arizona manufacturers entering the 2nd Quarter of 2019.

The industry is expected to add more than 12,000 new jobs in the state by 2020 according to the Arizona Office of Economic Opportunity (OEO). OEO [projects](#) an annualized growth rate of 3.6 percent for the manufacturing sector between 2019 – 2020.

AMC Policy Recommendations: Q1 2019

Serving as the collective voice of Arizona manufacturers, the AMC takes positions on state and federal policy issues impacting the industry and Arizona's economic competitiveness. Read on for a summary of AMC statements and policy recommendations for the 1st Quarter of 2019.

AMC supports the creation of the Technology and Innovation Workforce Fund and Program

House Bill 2657, the Technology and Innovation Workforce Fund, was introduced in the state legislature to create new job opportunities in the technology industry throughout the state. Sponsored by Rep. Jeff Weninger, R-Chandler, the bill will establish both a Technology and Innovation Workforce Fund and Program.

Through the Fund, the Arizona Commerce Authority can distribute grants to providers that will either create or enhance job training programs in the state. The bill also allows the Program to issue grants to qualifying providers that provide workforce development and support career/technical education programs and courses.

The bill defines a "qualifying provider" as a community college, private postsecondary technical college, or employer-based training program that provides job training and education for high-needs, competitive wage industries.

HB 2657 includes a \$2M appropriation.

AMC supports allowing schools to reward teachers whose students pass Advanced Placement exams.

The Legislature passed a bill with bipartisan support that would change a state program that awards teachers bonus money based on the number of students in their class who pass a qualifying exam for college credit. [HB 2176](#), sponsored by Rep. Jeff Weninger, R-Chandler, requires the money to go to educators who previously taught the student in relevant courses leading up to their Advanced Placement course, not just the AP teacher.



AMC calls on Treasury to implement interest limits in the manner intended by Congress.

March 8, 2019 - AMC joined NAM and other associations in a letter urging the Treasury Department to reverse a proposed rule that would make it more expensive to finance the purchase of equipment and machinery.

The Treasury Department has proposed implementing tax reform's new limits on the business interest deduction in a manner that would make it more costly for manufacturers to purchase equipment and machinery by effectively imposing tax reform's stricter limitation four years earlier than Congress intended.

The Tax Cuts and Jobs Act limited business interest deductions to 30 percent of earnings before interest, tax, depreciation and amortization or EBITDA for tax years starting in 2018 through 2021. However, starting in 2022, the deduction is limited to 30 percent of earnings before interest and tax or EBIT. By excluding depreciation and amortization, the stricter EBIT standard reduces the maximum deduction available to manufacturers thus making it more expensive for capital intensive businesses to finance capital equipment purchases. Unfortunately, the Treasury Department recently proposed rules that harm manufacturers by effectively implementing the EBIT standard years earlier than intended.

The letter calls on Treasury to implement the interest limits in the manner intended by Congress by providing an EBITDA base for the calculation of interest deductions. Doing so would help ensure that manufacturers can continue to invest for growth in the U.S...

[Read the letter here.](#)

AMC supports the confirmation of Andrew Wheeler as Permanent EPA Administrator.

Feb. 22, 2019 - The Environmental Protection Agency's (EPA) activities have a significant impact on each of our industries, the products we make or the services we provide, and the tens of millions of workers we represent. As Acting Administrator, Andrew Wheeler has consistently provided strong leadership as the agency works to protect human health and the environment. AMC urged swift action from members of the U.S. Senate to confirm Mr. Wheeler as the permanent administrator of the EPA...

[Read the letter here.](#)

AMC joins the USMCA Coalition.

Feb. 26, 2019 - More than 200 companies and associations representing farmers and ranchers, manufacturers, service providers, and technology companies today announced the launch of the USMCA Coalition, which will advocate for congressional approval of the United States-Mexico-Canada Agreement...

[Read the letter here.](#)



AMC urged Congress to oppose H.R. 1, which would severely limit the free speech rights of businesses and business organizations.

March 5, 2019 - AMC joined the U.S. Chamber of Commerce and leading business and industry associations in opposing H.R. 1, disingenuously named the “For the People Act of 2019.” Although its supporters focus on aspects of the bill that purport to bring more people into the political process, other parts of the legislation are clearly designed to have precisely the opposite effect – pushing certain voices, representing large segments of the electorate and our economy, out of the political process altogether.

Over the past several Congresses, various iterations of the legislation known as the DISCLOSE Act have been introduced. The profound constitutional problems of that legislation are well documented and include: (1) that it sought to chill associational and speech rights guaranteed by the First Amendment by threatening donor disclosure for groups engaged in advocacy; (2) that it provided for unequal treatment of speakers, severely burdening the business community while leaving unions largely unaffected; and (3) that it sought to deter speech through the imposition of unnecessarily burdensome disclaimers and reporting requirements. Remarkably, H.R. 1 takes the worst ideas and impulses of the DISCLOSE Act and expands upon them in ways that have incredibly harmful – and unconstitutional – consequences...

[Read the letter here.](#)

Arizona Manufacturing News

USITC Releases USMCA Analysis

April 18, 2019 - The U.S. International Trade Commission released its [formal analysis](#) of the economic impact of the USMCA, with their model projecting a small but positive economic impact of the agreement.

- USITC’s economic model forecasts an increase in U.S. real GDP of 0.35 percent (\$68.2 billion) and the creation of 176,000 jobs, as well as increased U.S. exports to Canada and Mexico (up \$19.1 billion with Canada and \$14.2 billion with Mexico.)
- USITC’s analysis claims that USMCA would have a positive impact on all broad industry sectors within the U.S. economy, including manufacturing.

Nikola unveils five zero-emission vehicles at Scottsdale event

April 17, 2019 - Nikola Motor Co. CEO Trevor Milton showed off five zero-emission, hydrogen fuel cell and electric vehicles Tuesday night at a flashy public event at Westworld in Scottsdale.

Nikola plans to build a 1 million-square-foot electric semi-truck plant in Coolidge and is almost finished with its research and development office and headquarters in Phoenix where it plans to hire 300. Nikola also plans to build a fuel cell development laboratory in the Valley, but has not yet announced a location or a date when that would occur... More than 2,000 people from 49 countries attended the first night of the two-day event as Milton introduced key executives and brought out Gov. Doug Ducey, who was a big part of luring Nikola to the Valley in January 2018... [LINK](#)



Trumps signs Drought Contingency Plan.

April 16, 2019 - President Donald Trump today signed legislation formalizing the Drought Contingency Plan (DCP) — a crucial step toward full implementation of the agreement to conserve more water in the Colorado River system. The legislation directs the Secretary of the Interior to adhere to the agreements previously adopted by the seven basin states, including Arizona... [LINK](#)

Arizona first to allow universal recognition for occupational licenses.

April 11, 2019 - House Bill 2569, introduced by Representative Warren Petersen, was signed into law by Governor Doug Ducey, making Arizona the first state in the nation to allow universal recognition for occupational licenses... [LINK](#)

Upcoming AMC Events

- **July 24 – 26, 2019**

- **Environmental & Sustainability Summit**

- High Country Conference Center at NAU
201 W. Butler, Flagstaff, AZ 86001

- Room blocks reserved at the Drury Inn and Little America Hotel. (Space is limited, book early!)

- Registration, sponsorship information and program details [HERE](#).

- **October 3, 2019**

- **Manufacturing Summit & Manufacturer of the Year Awards Luncheon**

- Arizona Biltmore Hotel
2400 E Missouri Ave
Phoenix, AZ 85016

- Registration, sponsorship information and program [HERE](#).



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About the Arizona Manufacturers Council

The Arizona Manufacturers Council is the voice of Arizona manufacturing. We are a community of makers dedicated to creating the innovations that safeguard and improve people's lives and to providing the jobs that anchor Arizona's economy. We are the official state affiliate of the National Association of Manufacturers and we aim to promote and enhance a positive business climate for manufacturing and related industries that operate within Arizona.

Visit us online at www.azmanufacturerscouncil.com.