



November 15, 2017

Assembly Government Accountability and Oversight Committee

Assembly Bill 297: Made in America

Representative Peter Barca

Chairman Hutton and members of the Assembly Government Accountability and Oversight Committee, thank you for holding a public hearing on the Made in America proposal, Assembly Bill 297.

The United States has lost more than 3.2 million jobs to China since 2001 and three quarters of those jobs were in manufacturing. Those losses, particularly in manufacturing, have had a significant impact on Wisconsin.

Today I offer the Made in America Act, a proposal aimed at protecting American jobs and strengthening our nation's economy. The Made in America Act works to reverse these losses by requiring state and local projects use materials that were made in the United States.

In April, President Trump was at Snap-on Tools in Kenosha, Wisconsin and expressed an interest in protecting American workers and keeping jobs here at home. He also issued an Executive Order similar to what is being proposed in this bill. This legislation works to actually accomplish that goal legislatively here in our great state of Wisconsin.

The Made in America Act is prompted by the growing trend of outsourcing infrastructure construction projects. For example, the construction of the San Francisco-Oakland Bay Bridge was largely outsourced to China with only final assembly and installation done in the United States. The 3,000 Chinese workers on this project typically worked about 16 hours a day, seven days a week. For this exhausting labor, workers were paid about \$0.75 an hour.

This proposal builds on the 2009 American Jobs Act (Act 136) which specified that state service contracts (such as call centers) must keep jobs in America. The American Jobs Act passed both houses of the legislature on strong bipartisan votes.

Every dollar we spend in the United States on construction buys us not only a bridge or roadway, but also buys American jobs and a stronger economy.

Thank you for your time today and I hope, Mr. Chairman, you will hold an executive session as soon as possible, and please know I pledge to work on a bi-partisan basis to make reasonable adaptations to this bill in order to build greater support. In turn I would certainly encourage each of you to support this important policy goal when Assembly Bill 297 comes for a vote before this committee.

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STATE REPRESENTATIVE
STEVE DOYLE

WISCONSIN STATE ASSEMBLY

94TH DISTRICT

Chair Rob Hutton
Vice-Chair Janel Brandtjen
Assembly Committee on Government Accountability and Oversight
November 15, 2017

Testimony in favor of AB 297

Thank you Chairman Hutton, Vice-Chair Brandtjen and members of the Assembly Committee on Government Accountability and Oversight for holding a hearing today on Assembly Bill 297, the Made in American Act. This bill will go a long way toward keeping jobs in the United States and helping rebuild our nation's manufacturing capabilities.

Under current law, the Department of Administration (DOA) is authorized to purchase all necessary materials and contractual services for state agencies. They must use the lowest bidder, with some exceptions, one of which is that if all other factors are substantially equal, they must purchase materials made in the United States.

This bill would require that the state purchase materials manufactured to the greatest extent in the United States regardless of whether all other factors are substantially equal. It requires that contracts for public works or public improvement projects contain a provision requiring the contractor to use materials made in the United States and creates a similar requirement for local government contracts.

AB 297 would build on the work of the 2009 American Jobs Act (Act 136) which required that state service contracts, such as call centers, must keep jobs in America. Act 136 passed both houses of the legislature on strong bipartisan votes and I hope that AB 297 will soon follow in its footsteps.

Again, thank you for taking the time to hold a hearing on this simple but important bill. I urge you to support AB 297 and support good-paying, family-sustaining jobs in the United States and in Wisconsin. I am available to answer any questions you may have.



WISCONSIN STATE SENATE

DAVE HANSEN

SENATOR – 30TH DISTRICT

State Capitol P.O. Box 7882 Madison, Wisconsin 53707-7882 Phone: (608) 266-5670

TESTIMONY: AB-297

**Assembly Committee on Government Accountability and Oversight
11/15/17**

Chairman Hutton and Members of the Committee,

Thank you for the opportunity to provide testimony in support of Assembly Bill 297, legislation that I am proud to have co-authored with Representative Barca.

This bill is about putting people in Wisconsin and America back to work by making sure that the materials we use to build our roads, bridges and schools are made here in the United States rather than outsourcing that work to a foreign country.

But it's also about making sure the materials used in our construction and infrastructure projects are safe and of the highest quality. By requiring these materials to be made in America it will be easier for state and local governments to hold any supplier or provider accountable for any problems than to be forced to pursue a private corporation in a foreign country.

There has been a growing trend among some states toward outsourcing the manufacturing of materials used in infrastructure projects to other countries. Outsourcing has been a leading cause of the decline in U.S. manufacturing and the loss of millions of jobs to workers in foreign nations.

The nation lost 3.1 million jobs to China since 2001, most of them in manufacturing. Requiring the use of American made materials in state and local construction projects can help restore much-needed jobs in our manufacturing sector.

State and local governments should be setting the example. By making sure that the materials we use in rebuilding our infrastructure are made in America we can take a good step toward strengthening our manufacturing base, growing our economy and putting people back to work.

This should be a bi-partisan effort. President Trump himself has said we need to do more to protect American jobs and interests. Doing so will help increase the standard of living for those workers who depend on good paying manufacturing jobs to support their families and strengthen our economy.

In 2009 many of us on both sides of the aisle worked to pass the American Jobs Act which required services contracted for by state government must be performed in the United States. This bill seeks to build on that bi-partisan effort by making sure state and local government has the backs of Wisconsin and American workers and taxpayers.

It is my hope that we can work together to for the benefit of Wisconsin and American manufacturing by passing the Made in America Act.

Thank you.

ORGANIZATION *for* INTERNATIONAL INVESTMENT
Global Investment Grows America's Economy

November 14, 2017

Dear Chair Hutton, Vice Chair Brandtjen, and distinguished members of the Assembly Committee on Government Accountability and Oversight:

On behalf of the Organization for International Investment (OFII), I urge the Committee to reject AB 297. This legislation would impose strict requirements on state agencies and municipalities to purchase products that are "manufactured in the United States" and are comprised of at least 50 percent domestic content.

OFII is a business association representing the U.S. subsidiaries of global companies ("U.S. subsidiaries"), including several large employers in Wisconsin like Nestle USA, CNH Industrial, McCain Foods USA, ABB, and Siemens. Our membership list is attached. OFII advocates for non-discriminatory treatment for U.S. subsidiaries and promotes policies that will encourage them to invest and create jobs in the United States.

As outlined in this comment letter, this bill would:

- **Penalize large and small Wisconsin employers**
- **Undermine exporters**
- **Hurt Wisconsin's reputation to attract firms**
- **Violates Wisconsin's international trade commitments**
- **Increase taxpayer costs**
- **Create new red tape for Wisconsin businesses and administrators**

Foreign direct investment (FDI) is critical to Wisconsin's economic development

U.S. subsidiaries are vital to the national economy. They provide 6.8 million U.S. jobs, pay salaries that are 24 percent higher than the private-sector average, produce 23 percent of U.S. exports, and employ 20 percent of the U.S. manufacturing workforce.¹ In Wisconsin, U.S. subsidiaries provide 93,000 jobs in the Badger State, including 44,500 in manufacturing. In the past five years, FDI employment in Wisconsin has grown 20 percent, almost triple the overall private-sector employment growth rate of 7.1 percent.

OFII concerns with AB 297

This bill would have many consequences that undermine the purpose of the legislation as espoused by its proponents. Many Wisconsin workers depend on international trade and FDI. Erecting barriers to trade and investment undermine their ability to compete in the international economy. Below is a summary of OFII's top-line concerns, as the bill would:

- **Penalize large and small Wisconsin employers:** Wisconsin companies with cross-border supply chains would face challenges in meeting the domestic content requirements

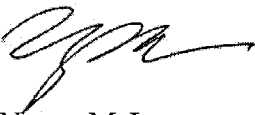
¹ FDI statistics are the latest data from the U.S. Department of Commerce's Bureau of Economic Analysis.

imposed by this legislation. Whether a company is a Kenosha-based small business or a multinational corporation, employers rely on supply chains to compete in today's global economy and provide products at competitive prices for consumers. Upsetting this balance by imposing unrealistic domestic content requirements would upend established supply chains and disrupt manufacturing efficiencies. In addition, small businesses would bear the largest burden of this disruption because they lack the resources, expertise and reach to quickly reinvent supply chains to ensure similar customer satisfaction.

- **Undermine exporters:** Local exporters compete against global rivals to sell their goods to overseas customers. If they reinvent supply chains to meet the bill's domestic content requirements, their exports could become uncompetitively priced.
- **Hurt Wisconsin's reputation to attract firms:** Restricting access to procurement sends a negative signal to internationally-connected firms evaluating where to invest and create jobs. Companies may choose to invest in other markets that provide equal treatment and which allow them to succeed without imposing onerous domestic content requirements.
- **Violates Wisconsin's international trade commitments:** Wisconsin is one of 37 U.S. states that signed the World Trade Organization's (WTO) Agreement on Government Procurement (GPA), which commits the state to the principles of non-discrimination in government contracting. AB 297's domestic content requirements would violate the country's international obligations under the WTO GPA and could lead to international trade disputes and arbitration against the United States.
- **Increase taxpayer costs:** Limiting competition for state procurement contracts could drive up contract costs for Wisconsin taxpayers. Also, the quality of the delivered service may diminish by potentially excluding the most qualified bidders from competing.
- **Create new red tape for Wisconsin businesses and administrators:** Domestic content legislation would create new inefficiencies in applying for a waiver that requires bureaucratic action in multiple stages. These new inefficiencies could be avoided by dismissing legislative attempts to alter longstanding supply chains. Adding more red tape further complicates or delays efficient procurement processes.

In summary, the impact of AB 297 is far-reaching and would negatively affect many Wisconsin employers. Given these harmful consequences, we urge the Committee to reject AB 297. Please contact Evan Hoffman, OFII's director of state government affairs, at ehoffman@ofii.org or (202) 659-1903, with any questions or comments.

Sincerely,



Nancy McLernon
President and CEO
Organization for International Investment

ORGANIZATION *for* INTERNATIONAL INVESTMENT

Global Investment Grows America's Economy

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