

Why Superfund Chemical Taxes Should Not Be Reinstated

BACKGROUND

The U.S. Senate Bipartisan Infrastructure Framework and the Administration's Fiscal Year 2022 Revenue Proposals would reinstate Superfund chemical excise taxes that expired in 1995. The taxes would be reinstated at two times their previous levels.

LARGE COSTS TO CHEMICAL INDUSTRY

Annual costs if Superfund chemical excise taxes are reinstated at the levels proposed*:

\$1.2 Billion

These costs would be incurred when the chemistry industry is already facing depressed demand from the COVID-related recession, intensifying foreign competition, and razor-thin margins. For specific chemicals and specific plant operations, the added costs from the taxes could exceed profit margin. As a result, reinstating the Superfund chemical excise taxes could create conditions conducive to shutdowns for plants producing certain industrial chemicals. The loss of productive activity would also result in lower tax collections.

Superfund excise taxes would be reinstated on 42 chemicals. The burden would primarily fall on ethylene, propylene, benzene, chlorine, and xylene. These chemicals are basic building blocks for chemistries used in light vehicles, building and construction, business equipment, water delivery and purification, and many other final products for business and consumers. These products face intense foreign competition and slim margins. The reinstated taxes could offset any economic return on sales to current producers, making these segments non-competitive in the global market.

Superfund Excise Taxes - Examples (\$ per ton)

	Prior	Proposed
Ethylene	\$4.87	\$9.74
Propylene	\$4.87	\$9.74
Benzene	\$4.87	\$9.74
Chlorine	\$2.70	\$5.40
Xylene	\$4.87	\$9.74

*Source: ACC analysis

SUPERFUND TAXES WOULD DISADVANTAGE U.S. MANUFACTURERS

A new Superfund chemical tax means increased costs on U.S. chemical manufacturers and their customers – companies that produce the vast majority of U.S. manufactured goods. This could lead to a decline in production capacity in the chemical industry and other U.S. manufacturing industries in favor of foreign competition whose goods would bear no similar tax burden.

CHEMISTRY COMPANIES HAVE PAID FOR SITE REMEDIATION

Chemistry companies and others targeted by the Superfund tax have paid for Superfund site remediation several times over. As responsible parties, they've paid to study, clean up, and reimburse federal and state government costs at sites they contaminated. At multi-party sites, they paid the shares of responsible parties that were defunct, bankrupt, or released from liability by Congress. As corporate taxpayers, they paid again.

SUPERFUND CHEMICAL TAXES WOULD WORSEN SUPPLY SHORTAGES

Reimposing Superfund chemical excise taxes would exacerbate supply chain challenges for chemistries that are the basic building blocks for American manufacturing. Adding a new tax on U.S. manufacturing adds to the cost of consumer goods and makes the components of infrastructure more expensive. These include clean energy building blocks such as renewable energy, advanced coatings, energy efficiency solutions, and electric vehicle (EV) infrastructure.

ACC VIEWPOINT

We strongly oppose the reinstatement of Superfund chemical taxes, which would target all chemical manufacturers – and some other industries – regardless of whether there is a connection to a Superfund site. ACC member facilities make up less than 2% of Superfund sites, and they are paying for cleanup.