

United States Senate

WASHINGTON, DC 20510-3205

June 25, 2020

The Honorable Dr. Peter Navarro
Director and Assistant to the President
The Office of Trade and Manufacturing Policy
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear Dr. Navarro,

On June 13, 2020, you stated on CNN that the next stimulus package should contain "at least \$2 trillion dollars that is strategically focused around the President's two simple rules -- Buy American, Hire American -- along with incentives for American companies to bring offshored jobs back home."¹ We wholeheartedly agree that the federal government has a responsibility to ensure that its policies, including tax breaks, federal contracts, and other incentives, are designed to support companies that invest in the United States, not those that invest in foreign countries. That goal is fulfilled in the bicameral *End Outsourcing Act*. This bill would encourage companies to return their business to domestic factories.

The United States was built on a social contract between businesses and workers—a mutual understanding that the success of one contributes to the success of the other. Yet, in recent decades, the United States has too often experienced a shift of domestic manufacturing to low-cost, low-wage countries. While this shift is the result of a number of factors, the loss of manufacturing jobs has devastated families and communities in states across the country. There must be an effort by policymakers to reverse the decades-long trend of the middle class losing economic ground. The upcoming COVID-19 relief legislation provides a perfect opportunity for Congress to return jobs to American workers and help the economy begin to recover after the shutdowns.

The *End Outsourcing Act* would protect jobs in the United States by eliminating tax benefits to companies that try to deduct the cost of sending jobs overseas. It would prevent outsourcing companies from bidding on federal contracts or grants, without disclosing their outsourcing practices and requires federal agencies awarding contracts, loans, loan guarantees, and grants to establish a negative preference for employers who have outsourced in the last three years. Additionally, the legislation would create a new tax benefit to help companies bring jobs back to America, and would require companies that have outsourced jobs within a five year period to pay back federal tax incentives and grants from facilities closed due to outsourcing. This new tax incentive will offer a 20 percent tax credit for companies to bring jobs back to the United States; the tax credit will help pay for permits fees, leases, and general moving costs of relocating a new facility or new jobs into the country. This bill will also require employers that

¹ <https://www.cnn.com/2020/06/13/politics/navarro-white-house-coronavirus-stimulus/index.html>

file a Worker Adjustment and Retraining Notification (WARN) notice of layoff to include a statement on whether the affected jobs will be outsourced to another country. Currently, there is no program in place to track data on outsourcing.

We believe the government can make a real difference in revitalizing the American economy for years to come. It's time to stop helping companies that ship jobs overseas, and reward those bringing jobs back home. For far too long, companies have been allowed to use tax incentives to move facilities overseas for cheap labor, leaving millions of Americans struggling without jobs. I'm proud that the *End Outsourcing Act* would eliminate tax benefits for outsourcers and impose significant penalties on companies that outsource, while also providing incentives for companies that invest in the United States. No one should fear losing their job because their company doesn't want to invest in American labor. This legislation will be a key component to bringing jobs back to the United States and help our country to recover from this unprecedented economic downturn.

Sincerely,



Kirsten Gillibrand
United States Senator



Tammy Baldwin
United States Senator



Gary C. Peters
United States Senator