

WASHINGTON, D.C.— Today, Representatives Michael Honda (D-CA) and John Carney (D-DE) introduced the Scaling Up Manufacturing Act of 2012 to boost domestic job growth and revive the manufacturing sector of the American economy. This legislation would allow startup businesses to claim a 25% tax credit for the cost of construction or lease of their first domestic manufacturing facility. To be eligible for this credit, a business must –

- Have no other domestically located manufacturing facilities;
- Be headquartered in the United States;
- Be a startup business;
- Have good credit; and
- Have demonstrated commercial viability of their product.

Since the 1950s, spending on research and development has grown threefold, while the manufacturing workforce has shrunk by one-third in the last decade alone. Reports released last week by the Institute for Supply Management show that in June, the manufacturing industry contracted for the first time in three years. The Bureau of Labor Statistics announced just this past week that the manufacturing sector added only 11,000 jobs in June, leaving the unemployment rate within the sector more than 2 percentage points higher than pre-recession levels. The Scaling Up Manufacturing Act of 2012 is a proposal that would link our nation's thriving R&D investments with a renewal of the manufacturing sector.

“In the global economy, emerging manufacturers have more options than ever. This legislation

changes the math so startup businesses can both have a healthy bottom-line and keep their operations here at home,” said Representative Michael Honda. “By retaining this homegrown talent, the Scaling Up Manufacturing Act stops offshoring before it ever starts.”

“To remain competitive globally, we need to start making things in America again,” said Representative John Carney. “This legislation encourages businesses to not just perform their research here, but to develop their products here. By incentivizing emerging companies to build new manufacturing facilities on our shores, we will put Americans back to work, nurture a strong infrastructure of state-of-the-art factories, and continue to be the world’s leading economy for generations.”

“Start-up companies looking to set up manufacturing in the U.S. face a number of challenges. Tax incentives are an important piece in giving start-up companies the confidence to make important first investments in facilities, equipment and personnel. This legislation would provide a vital incentive during this critical time and give companies and their investors the tax flexibility to site manufacturing here in the U.S.” said Eileen Tanghal, the Head of Applied Ventures, a leading venture capital fund in Santa Clara, California.