

Manzullo faces new fight on corporate tax issue

1/22/04

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WASHINGTON — Rep. Don Manzullo rallied enough colleagues last fall to defy one of the most powerful members of the House and block a change in corporate tax law that he felt wouldn't help U.S. manufacturers.

Because of opposition led by Manzullo, the House did not vote on a bill authored by the chairman of the House tax writing committee, Rep. Bill Thomas, to replace tax breaks for U.S. goods sold abroad.

The World Trade Organization has ruled the existing tax breaks are unfair subsidies, and the European Union has threatened to retaliate if they are not repealed. But Manzullo, R-Egan, disagrees with how Thomas, R-Calif., would replace them.

Some companies that benefit from the existing tax break, including Illinois-based Caterpillar and Boeing, believe Thomas' approach wouldn't do enough for them and would do too much for U.S. companies with overseas operations.

"I was surprised," Manzullo said of his success in blocking the bill last year.

But the fight isn't over.

Manzullo, the chairman of the House Small Business Committee, has asked Thomas to agree to a list of changes in the bill before he will support it.

He also is working with his backers to push an alternative measure.

In the coming year, Manzullo plans to continue to draw attention to the plight of America's manufacturers through his Small Business Committee, which has held 53 hearings on the subject during the past three years.

Congress also is expected to vote on Manzullo's bill renewing small-business programs, including an increase in how much the Small Business Administration can spend helping manufacturers.



Don Manzullo

Manzullo: Business issues affecting region

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Other issues affecting manufacturers and other businesses that Rep. Don Manzullo, R-Egan, worked on last year, some of which remain on his agenda for 2004:

Health care

Congress did not take up Manzullo's proposal to allow the self-employed to deduct their health insurance costs from their income that is subject to self-employment taxes.

But Congress did approve expanded tax breaks for health savings accounts, which Manzullo and other supporters believe will help businesses and their employees.

With health savings accounts, individuals can put their own or employer contributions into a tax-free savings account that covers out-of-pocket expenses for catastrophic coverage.

Manzullo said he will continue to push his tax proposal for the self-employed and support a bill to help small businesses buy health insurance through groups called association health plans.

Both plans were mentioned Tuesday night by President Bush during his State of the Union address.

Opponents fear the plans would allow insurers to bypass state laws mandating certain protections for consumers.

Trade disputes with China

Manzullo was among the many lawmakers who have complained about the country's trade deficit with China. Manzullo and others believe that China is unfairly manipulating its exchange rate to make its goods cost less.

Lawmakers urged the Bush administration to pressure the Chinese to change its currency policy. While China has refused to do so, it did announce last fall that it would buy billions of dollars worth of American goods, including airplanes, jet engines and auto parts.

That has not satisfied Manzullo who, along with his counterpart on the Senate Small Business Committee, has asked Congress' investigative arm to examine China's currency policy.

The Bush administration already has ruled out an official trade investigation that could lead to sanctions.

Manzullo faces Democratic opponent



John Kutsch

Kutsch of Harvard.

First elected to his seat in 1992, U.S. Don Manzullo will seek re-election in November to a seventh term serving the 16th Congressional District. The Republican incumbent faces Democrat John

"We continue to raise hell on it because by raising hell, that brings not only the administration's attention to the fact that there is a disparity, but also the Chinese's," Manzullo said. "It makes them very edgy that somebody is questioning the fact that they're sending seven to eight times as much (exports) as we send them."

Buying American

Manzullo unsuccessfully tried to amend several of the annual spending bills to increase requirements that the federal government buy American-made goods.

While many of his attempts were shot down, a defense bill approved by Congress did include a weaker version of Buy American language supported by Manzullo and others.

The bill requires, for example, that the Defense Department offer incentives for contractors to buy U.S.-made machine tools instead of requiring that machine tools used in defense programs be 100 percent American-made within four years.

In addition, an aviation bill requires the Federal Aviation Administration to tell Congress the number of times existing Buy American rules have been waived in recent years.

Pending Coast Guard and State Department bills also include new Buy American requirements, and Manzullo said he'll keep trying in 2004 to add more.

"We're going to go back at it again," Manzullo said, "We lost 26,000 manufacturing jobs in December."

On the Web

manzullo.house.gov, Rep. Don Manzullo