

Joint Committee on Economic Development and Emerging Technologies
The 193rd General Court of the Commonwealth of Massachusetts
24 Beacon Street
Room 511-A and Room 42
Boston, MA 02133

May 7, 2024

Dear House Chair Jerry Parisella and Senate Chair Barry Finegold,

The Alliance for American Manufacturing (AAM) supports Governor Healy's proposed legislation H4459 - An Act relative to strengthening Massachusetts' economic leadership. However, we believe the inclusion of domestic content preferences, as laid out in H3108/S2026 – An Act to Promote Manufacturing, would enhance the Governor's objectives to assure the Bay State not only strengthens its economic leadership.

AAM is a labor-management partnership between the United Steelworkers and some of America's leading manufacturing companies. Together, we support policies that benefit both American workers and companies doing business here in the United States.

Reinvesting tax dollars into the local and national economy promotes growth, expands the tax base, and – by creating more job opportunities for middle-class Americans – reduces the burden on social safety net programs.

As companies continue to invest in their U.S. operations, they modernize plants to make them safe and efficient, and create jobs in the process. This legislation will ensure that as Massachusetts regulates the way U.S. manufacturers do business, Massachusetts will do its best to encourage U.S. production and investment. H3108/S2026 – An Act to Promote Manufacturing will ensure that compliance with U.S. environmental and labor standards is the standard for doing business with the one of the globe's biggest customers.

Massachusetts' state agencies are already accustomed to applying Buy America preferences when executing programs funded by federal grants. This longstanding practice by the federal government, and many state governments, is well-understood by contracting officers and bidders on public projects. Florida, Illinois, Indiana, Maryland, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Texas, West Virginia, and others all have similar domestic preferences in statute.

The legality of applying a preference for domestically produced goods and services in Massachusetts' procurements and construction of public works is not in question. When a state government, through its agencies or local subdivisions, procures goods or services for its own use, it is considered to be a market participant similar to a private party. As such, a state enjoys the same rights that a private purchaser does in choosing its suppliers to carry out contracts – rights affirmed by federal courts. State procurement policies neither have an effect in foreign countries nor involve the state in the conduct of the foreign

affairs of the United States. Therefore, such policies do not infringe upon the U.S. government's constitutional authority to conduct foreign policy – a detail misguided Buy America critics often omit.

Indeed, Massachusetts should use its purchasing power to complement its public policy objectives. Unlike their foreign competitors in places like China, India and Russia, United States manufacturers are heavily regulated and do not rely on subsidies from their government to make them more competitive. Massachusetts' procurement policies should not be divorced from its public policies. Taxpayer dollars should not be used to bolster foreign state-owned enterprises, nor should they reward companies that have moved their operations, investment dollars, and jobs away to foreign countries that lack or completely disregard reasonable environmental and workplace safety regulations.

Criticism of Buy America preferences also often portrays other nations' markets as completely unfettered. But, don't be fooled. They are not. Hidden amongst the rhetoric is the fact that both Canada and the European Union preserve markets for their own domestically produced products in lieu of obligations otherwise required by trade agreements, and their governments indicate that they intend to spend their own tax receipts on domestically produced goods or otherwise enact barriers to foreign goods.

Without these sensible changes enacted into law, Massachusetts will continue a path of sending Bay State's hard-earned tax dollars to foreign firms when American workers stand to do the work. Our manufacturers and workers are anxiously watching, hoping that you will support these commonsense and necessary fixes to existing state law. Including domestic content language like that in H3108/S2026 – An Act to Promote Manufacturing Governor Healy's proposed legislation H4459 - An Act relative to strengthening Massachusetts' economic leadership, will tell these manufacturers and workers you support their jobs, their businesses, and their communities.

Sincerely,



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Vice President of State Governmental Affairs
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