MAY 2025

Supply Chain Bill Passes the House

On April 28, the House of Representatives passed the Promoting Resilient Supply Chains Act of 2025 sponsored by Rep. John James (R-MI). The bill establishes a Supply Chain Resiliency Program within the Department of Commerce, using AI and quantum computing to anticipate and mitigate supply chain disruptions from natural and man-made disasters. It includes an Early Warning System, fosters public-private collaboration, and incentivizes domestic manufacturing to reduce reliance on adversarial nations like China.

Congressman James, a former automotive supply-chain executive, emphasized the bill's role in bringing jobs back, lowering costs, and enhancing national security. The legislation aligns with President Trump's vision for secure supply chains and awaits Senate approval. NAED worked on this bill last year and this year in close coordination with the National Association of Wholesaler-Distributors (NAW).

NAED Member Tom Click Testifies for Congress

On April 8, National Association of Electrical Distributors (NAED) Member, Tom Click, founder and CEO of Patriot Aluminum Products testified before a joint session of the House and Senate Small Business Committees.

Tom joined a panel of four small business leaders at a hearing titled "Prosperity on Main Street: Keeping Taxes Low for Small Business." During his testimony, he shared the story of building Patriot from the ground up into a company that now employs nearly 100 people.

He urged lawmakers to make permanent key provisions of the 2017 Tax Cuts and Jobs Act—specifically the 199A deduction, accelerated depreciation, the research and development incentives, and ending the ending the estate tax, which Tom refers to as a "survivor tax". Tom explained that these policies enable him to reinvest in his business by creating jobs, raising wages, and expanding employee benefits.

NAED is grateful to Tom and his wife Sarah for taking time to share their story with policymakers. You can watch a recording of the hearing here.

As NAED expands our government relations activities, we will work to more opportunities like this to help share the NAED story, and advance policies that help our businesses succeed. Let us know if you are interested in telling your story on Capitol Hill.

Budget Reconciliation Update

Prior to the Easter recess, the House of Representatives narrowly passed a budget blueprint to advance Trump's agenda focused on taxes, energy, and immigration. The budget framework enables Republicans to begin the "reconciliation" process, which allows the majority to bypass the typical 60 vote threshold to bring a bill to a vote. All but two Republicans supported the measure, and there was initially serious pushback from fiscal hawks. However, after receiving assurances that at least $1.5 trillion in spending cuts would be included in the final bill, the measure advanced.

While House leadership struggled to pass the first hurdle of the process quickly, now the difficult part begins as 11 House committees will begin drafting the reconciliation bill, then collaborating with Senate panels to finalize the legislation. Speaker Johnson has been consistent in his goal of having the lower chamber finish its committee work by Memorial Day. Many observers think that is a very heavy lift as lawmakers will have to make several difficult choices, and narrow margins in the House mean they have a fine line to walk. Conversely, members of Congress are highly motivated to pass the measure, as failure would mean a potential $4.5 trillion tax increase if no bill is passed by year-end.

NAED has been consistent in our support for permanent tax rate parity for C and S-Corporations, ending the Death Tax, allowing businesses to deduct state and local tax expenses (also known as C-SALT), reinstating and making permanent full business expensing, preserving alternative energy tax credits, including the 179D deduction, and preserving LIFO.

More On C-SALT

As Congress works to extend the Tax Cuts and Jobs Act, "payfors" have been proposed which would affect our small business members – both pass-through and C-Corporations. NAED joined a letter by the S-Corp Association opposing raising the top marginal tax rate which many small businesses pay. The letter reads in part: "As long-time Main Street champions, we encourage you to stand strong and oppose any effort to increase income tax rates, including recent proposals to raise the top individual rate to 40 percent. This idea is presented as a modest adjustment affecting only the wealthiest Americans, but it would disproportionately harm hundreds of thousands of pass-through businesses organized as S corporations, partnerships, and sole proprietorships."

In addition, the Family Business Coalition, of which NAED is a founding advisory board member, wrote to Congress opposing capping the state and local tax deductions for businesses. The letter reads in part: While the majority of our family businesses are "pass-through" businesses like S-Corps, LLCs, and sole proprietors, we also jointly represent millions of privately owned C-Corporations. Privately owned corporations that do not issue shares to the public far outnumber public companies. Any proposal that rolls back their ability to deduct state and local would dampen the economic benefits of renewing TCJA. The Tax Foundation recently warned that limiting C-SALT will reduce economic output and would effectively amount to a corporate tax rate increase for many private businesses.

We will continue to keep you updated on the latest news relating to reconciliation and tax reform.

Energy and Public Lands

The House Natural Resources Committee will begin its work on the reconciliation bill starting on May 6, by addressing increasing energy exploration on public lands. The committee is charged with reducing the deficit by at least $1 billion over 10 years, and plans to do so through measures like increasing oil and gas leases, expanding mining on federal lands, and selling small portions of public lands. Committee Chair Bruce Westerman (R-AR) noted that most of the bill's text is ready for the markup process.

As the process unfolds, lawmakers from both parties may propose amendments during the markup, though Democrats' proposals are likely to be rejected. The Senate Energy and Natural Resources Committee has similar deficit reduction goals but has not yet scheduled markups.

Energy and Environmental Reviews

The Trump administration plans to use emergency authorities to expedite environmental reviews for select energy projects, including mining and oil and gas drilling, but excluding wind and solar energy. The Interior Department aims to reduce less-intensive environmental assessments from one year to 14 days and full environmental impact statements from two years to less than one month. Industry groups, such as the National Mining Association, praise the move for strengthening critical mineral supply chains, while conservationists and legal experts criticize it as rushed and legally questionable. Interior Secretary Doug Burgum defends the strategy as a response to a declared energy emergency, citing economic and military needs. The policy involves truncating reviews under the National Environmental Policy Act, Endangered Species Act, and National Historic Preservation Act, using alternative compliance processes. Environmental groups have expressed their view to challenge the emergency status of the administration's claim and warn of insufficient analyses that could harm wildlife, public lands, and the climate.

Clean Energy Tax Credits

A group of Senate Republicans, led by Sens. Lisa Murkowski (R-AK) and John Curtis (R-UT), is urging GOP leadership to preserve clean energy tax credits initiated in the Inflation Reduction Act (IRA), warning that repealing them could undermine President Trump's manufacturing goals and raise electricity prices. The letter, also signed by Sens. Thom Tillis (R-NC) and Jerry Moran (R-KS), was sent to Majority Leader John Thune (R-SD), emphasizing that the credits should be evaluated based on their ability to spur manufacturing, reduce utility bills, and provide business certainty. The senators argue that repealing the credits would disrupt investments in domestic energy production, hinder job creation, and impede efforts to meet rising electricity demands, particularly for data centers. They highlight that many American companies have made significant investments relying on these credits, which support technologies like solar, wind, geothermal, and nuclear energy.

A similar push came from 21 House Republicans last month, whose districts have benefited from IRA-driven investments, though neither letter specifies which credits to retain. Murkowski urges Republicans to overlook the IRA's Democratic origins and focus on its tangible benefits, such as grid modernization and new manufacturing projects.

Workforce

On April 23, President Trump signed an Executive Order to modernize federal workforce programs, in an effort to prepare Americans for high-paying, skilled trade jobs in emerging industries. The order directs the Secretaries of Labor, Education, and Commerce to review and integrate federal workforce programs, delivering a streamlined plan to align them with the needs of reshoring and re-industrialization.

Despite significant federal investments in higher education, only half of college graduates secure degree-related jobs, while workforce training programs like the Workforce Investment and Opportunity Act and Perkins Act fail to prioritize apprenticeships or meet industry demands. The Trump Administration aims to refocus young Americans on career preparation, emphasizing advanced manufacturing and American-developed technologies.

In 2024, the U.S. faced a shortage of 447,000 construction workers and 94,000 workers who manufacture durable goods, with projections indicating a growing annual shortfall of nearly half a million skilled tradespeople over the next decade. The Executive Order prioritizes registered apprenticeships, with a plan to support over 1 million apprenticeships annually to meet future workforce needs driven by AI advancements and reshored manufacturing.

Tariff Watch and Trackers

As the Trump Administration continues efforts to realign trade and manufacturing through tariffs, reports indicate that bookings of shipments from China to the U.S. have plummeted 60% amid ongoing trade tensions, though signs of potential de-escalation are emerging. For example, a U.S. proposal to reduce current tariff rates to 50-65%, or tier them by product is one possible outcome.

However, China insists on the complete removal of unilateral U.S. tariffs before talks, while possibly suspending its 125% tariffs on certain U.S. goods like medical equipment. Both nations are engaging in global trade maneuvers, with China potentially lifting sanctions on European Parliament members and the U.S. negotiating with countries like Japan, South Korea, and the EU. President Trump has indicated that additional tariffs may be imposed soon if trade negotiations stall, with deals possibly announced within weeks.

The EU is resistant to U.S. demands on VATs and agricultural subsidies, while countries like India and Japan are exploring tariff reductions and trade agreements. U.S. companies are feeling the tariff impact, with 90% of Q1 earnings calls mentioning them, and industries like steel and aviation bracing for further disruptions.

Below is an updated chart on trade and tariff actions that have been enacted and forthcoming actions under consideration.

Trade Actions in Effect				
As of	**Who**	**What**	**Rate**	**Authority**
2/4/25	China	All imports	20% (10% from 2/4/25-3/3/25)	IEEPA
3/4/25	Canada	Non-USMCA-compliant imports	25%	IEEPA
3/11/25	Mexico	Non-USMCA-compliant imports	25%	IEEPA
3/12/25	All countries	Steel products and derivatives	25%	Section 232
3/12/25	All countries	Aluminum products and derivatives	25% (was 10%)	Section 232
Delivered 4/1/25	N/A	USTR, Treasury, Commerce report to the President	N/A	America First Trade Policy Memorandum
4/2/25	Countries importing Venezuelan oil (currently none)	All imports	25%	IEEPA
4/3/25	All countries	Autos	25%	Section 232
4/4/25	All countries	Beer and empty aluminum cans	25%	Section 232
4/5/25	All countries (minus Canada, Mexico, Cuba, North Korea, Russia, Belarus)	Universal tariff	10%	IEEPA
4/9/25	China	Reciprocal tariff	125% (was 84% on 4/9/25)	IEEPA

Coming Attractions				
Status	**Who**	**What**	**Rate**	**Authority**
Due 4/17/25 (hearings 3/24/25 & 3/26/25)	China	Ships servicing U.S. ports	A suite of fees of up to $1.5 million	Section 301
Due 4/30/25	N/A	OMB report on foreign impacts on federal procurement	N/A	America First Trade Policy Memorandum

Effective 5/2/25	China, Hong Kong	No more de minimis	N/A	IEEPA
Effective 5/3/25	All countries	Auto parts	25%	Section 232
Comments due 5/7/25 (report due 12/27/25)	All countries (probably)	Pharmaceuticals and pharmaceutical ingredients	TBD	Section 232
Comments due 5/7/25 (report due 12/27/25)	All countries (probably)	Semiconductors and semiconductor manufacturing equipment	TBD	Section 232
Due 5/10/25	All countries	Inclusion process for steel derivatives	25%	Section 232
Due 5/10/25	All countries	Inclusion process for aluminum derivatives	25%	Section 232
Due 6/24/25	All countries	Inclusion process for auto parts	25%	Section 232
Suspended until ~7/9/25	57ish countries(minus China)	Reciprocal tariff	Variable	IEEPA
Due 11/25/25 (comments due 4/1/25)	All countries (probably)	Copper, scrap copper, and derivative products	TBD	Section 232
Due 11/25/25 (comments due 4/1/25)	All countries (probably)	Timber, lumber, and derivative products	TBD	Section 232
Due 12/10/25 (hearing was 3/11/25)	China	Semiconductors	TBD	Section 301
TBD (no current deadline)	Canada	USMCA-compliant imports	25%	IEEPA
TBD (no current deadline)	Mexico	USMCA-compliant imports	25%	IEEPA
TBD	TBD	Critical Minerals	TBD	Section 232 (likely)