

THERMOCOR LLC

**SUBMISSION OF WRITTEN COMMENTS FOR THE HEARING RECORD
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SELECT REVENUE MEASURES**

HEARING ON CERTAIN EXPIRING TAX CREDITS

APRIL 26, 2012

Mr. Chairman, Ranking Member Levin and distinguished Members of the Committee:

ThermoCor is pleased to submit written comments for the record in connection with the April 26, 2012 hearing of the Committee on Ways and Means Subcommittee on Select Revenue Measures on the important topic of expiring tax provisions.

ThermoCor, a company based in Moraine, Ohio, manufactures Vacuum Insulation Panels (VIPs). VIPs are used as insulation in refrigerators to significantly improve energy efficiency and help manufacturers comply with federal energy efficiency standards. The manufacturer of a refrigerator made in 2011 which retailed for \$400 and which used 35% less energy than the current refrigerator energy conservation standards qualified for a \$200 tax credit under IRC section 45M. This tax credit was reauthorized for one year as part of the tax extenders package Congress passed in December, 2010; that credit expired on December 31, 2011.

We understand that legislation is being considered to extend the Section 45M incentive for consumers to purchase energy efficient refrigerators. If Congress decides to extend that provision, we urge that the legislative language be clarified to express what we believe to have been the intent of Congress from the beginning – that the “made in the US” requirement under this section extend to the refrigerator’s components that allow for the efficiency target to be achieved rather than simply just the assembly of the refrigerator. This issue directly impacts our ability to grow our workforce and expand our operations and thus we urge Congress to remove the tax credit for refrigerators with foreign-made insulation components.

REASON FOR CHANGE

To qualify for the section 45M credit, the refrigerator must be made in the US. However, the law does not specifically require that the insulating products, the energy-efficiency heart of the refrigerator, be made in the US. Many refrigerator manufacturers use VIPs from China where the cost of production is somewhat lower (\$4 to \$10 per refrigerator) than US-made VIPs. To maximize US job creation, we are asking that the tax credit language be amended to require that the insulating components, including the VIPs, be made in the US to qualify the refrigerator as “US-made.”

US-based VIP manufacturers provide hundreds of high-paying jobs in Ohio, New Mexico, Massachusetts and California. Mandating US-manufactured insulation for credit-eligible refrigerators will create hundreds more US jobs, while adding only a few dollars to a refrigerator's cost that would not be passed on to consumers.

POLICY CONSIDERATIONS

The legislative language we ask you to support would mandate that all insulation used in US-built refrigerators eligible for the section 45M tax credit be manufactured in the United States. While the United States welcomes products from our trading partners to ensure that our consumers have choices when shopping for appliances, we believe that the federal government's support for energy-efficient appliances should be limited to goods that increase US jobs, support US-based research and development, and ensure that the refrigerator not simply be assembled here, but the energy-efficiency components which make it eligible for the credit also be stamped "Made in the USA."

DRAFT LEGISLATIVE LANGUAGE

Section 45M(f)(5) strike "." after "feet" and insert "of which all insulation components or products utilized to achieve the defined energy standard shall be manufactured in the United States."



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