

April 8, 2022

Chair McGuire, Vice Chair Rhodes and Committee Members:

On behalf of the Steel Fabricators of New England I'd like to thank you for the opportunity to submit this written testimony to your committee in support of Senate Bill 438. This bill will establish state and local procurement policies intended to promote the use of American materials. As you review the benefits this bill will bring to our communities, know that New Hampshire is not alone in this endeavor, the same or similar bills have already been passed in over 20 other states and more are in consideration as we speak. I have included a letter sent to legislators for the State of Massachusetts signed by multiple companies and organizations (trade and labor) in support of the Buy American campaign.

I am an owner and President of Capone Iron Corporation located in Rowley, MA and Capone Iron Corporation North Woods located in Berlin, NH. Steel fabrication is in my blood. The history of Capone Iron is much like what you'll hear from many of the other fabricators testifying, a company that has been passed from one generation to the next. I care about our industry and I am committed to seeing this bill through. I look forward to the economic impact it will have not only for our companies, but for our employees, their families and the surrounding communities in New Hampshire.

Ten years ago, I took a chance on the small town of Berlin, New Hampshire and built Capone Iron Corporation North Woods. This state-of-the-art steel fabrication facility offers employment opportunity to an otherwise economically challenged area. Our employees are hardworking individuals, people who live, work, and spend locally in our New Hampshire towns and communities. More importantly, in addition to our corporate tax responsibilities, our employees also pay their taxes in these communities, herein lies our concern.

New Hampshire tax dollars meant to invigorate our local economy by way of publicly funded construction projects are instead leaving our state and our country because of the current flawed procurement process – contract awards going to the lowest bidder, no matter where they are from, under the misinformed guise of “saving money”. The reality is, when our tax dollars leave our state, we lose more than that initial savings by choosing a foreign fabricator. The economic multiplier indicates that for every \$1 spent, \$1.50 is generated in the community – that means more people are employed, more people are spending money locally and we all benefit from that. But more than that, if the funds continue to leave the state, no one benefits, the perceived “savings” from choosing the lowest bidder puts people out of work, employers out of business, stores then lose customers, they go out of business and the cycle just spins out of control. When publicly funded construction projects are being awarded to foreign steel fabricators, we are in effect funding our competition to our own demise while negatively impacting our very own communities and supporting theirs! If these projects were awarded to domestic steel fabricators, they would employ more workers, the same workers who spend their money in the communities in which they live and work.

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By all accounts, foreign steel fabrication companies have been decimating our industry for over two decades. Many of these companies are subsidized by their governments and enjoy a favorable currency exchange which allows them to repeatedly undercut domestic fabricators in the bidding process! This situation is so bad that my company cannot justify the expense to competitively bid on most public construction projects we will surely lose to a foreign fabrication company. These projects are often in our own backyard adding insult to injury. The practice of allowing foreign steel fabricators to bid and win these publicly funded construction projects is destroying our American industry and ultimately impacting the people of New Hampshire and the communities they live in.

As our elected officials, we implore you to take action! We need YOU to support this bill and keep our tax dollars here in New Hampshire!

The philosophy is simple:

- **Our tax dollars meant for publicly funded construction projects need to stay within our own domestic communities!!**
- **By way of the economic multiplier, the reinvestment into our own communities will support our local businesses, our employees and our state economy, not the economies in foreign countries.**

I thank you for your time and would welcome any questions you may have. Please support Senate Bill 438!

Sincerely,



Stephen J. Capone
President, Capone Iron Corporation
President, Capone Iron Corporation North Woods, Inc.
President, Steel Fabricators of New England

Attachment: March 25, 2022 Letter Addressed to the Joint Committee on State Administration and Regulatory Oversight for the State of Massachusetts

March 25, 2022

Joint Committee on State Administration and Regulatory Oversight
24 Beacon St.
Room 312-B and Room 466
Boston, MA 02133

Dear Chairs and Members of the Committee,

Together we urge you to support S. 2546, an Act to promote American Manufacturing.

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. S. 2546 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. Illinois, Indiana, Maryland, New York, Ohio, Pennsylvania, Texas, West Virginia and others all have similar domestic preferences in statute.

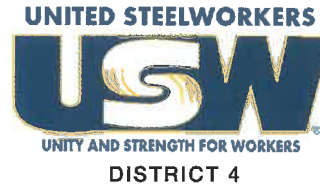
The legality of applying a preference for domestically produced goods and services in Massachusetts' procurements and construction of public works is not in question. When a state government, through its agencies or local subdivisions, procures goods or services for its own use, it is considered to be 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.

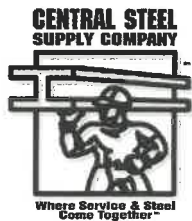
Without these sensible changes enacted into law, Massachusetts will continue a path of sending Bay Stater's hard-earned tax dollars to foreign firms when American workers stand to do the work. Our manufacturers and workers are anxiously watching, hoping that you will support these commonsense and necessary fixes to existing state law. Vote in favor of S. 2546, an Act to promote American Manufacturing, tell these manufacturers and workers you support their jobs, their businesses, and their communities. We urge your support for S. 2546.

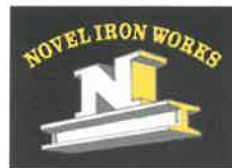
Sincerely,





American Welding Society
BOSTON - SECTION 009







CC: Senate and House Leadership of the Massachusetts Legislature