



December 12, 2024

The Honorable Jason Smith
Chairman
Committee on Ways and Means
Washington, DC 20515

The Honorable Richard Neal
Ranking Democratic Member
Committee on Ways and Means
Washington, DC 20515

Dear Chairman Smith and Ranking Member Neal,

As you work to enact tax policy over the coming weeks and months, we urge your committee to address a serious vulnerability in the United States' supply chain for electronic components. We respectfully ask you to support the creation of a 25% tax credit for sourcing American-made printed circuit boards (PCBs) and IC substrates.

Americans rely on electronics in their cars, at the doctors' office, on the farm, and in the home. U.S. national security rests on a strategic foundation of technological superiority. It is hard to think of an aspect of modern life that is not dependent on electronic systems. The fundamental technology enabling all of these systems are printed circuit boards. PCBs are highly complex, custom designed and manufactured for each individual application. They serve as both the skeletal and nervous systems connecting and enabling semiconductor brains within a device.

The United States is dangerously dependent upon foreign sources for PCBs - even more so than chips. This unsustainable supply chain risk has been detailed by both Trump and Biden administrations. It threatens the United States' ability to maintain and manufacture a wide range of systems, from military equipment to supercomputers. In fact, Presidential Determination 2023-06 named PCB and IC substrates as a critical industrial base gap in need of Defense Production Act investment. Furthermore, the Department of Commerce Advisory Committee on Supply Chain Competitiveness recently reported that printed circuit boards and PCB assemblies were one of the top three vulnerabilities impacting U.S. supply chains for A.I. data centers. These reports along with private industry associations have recommended the use of tax incentives to stimulate demand, and drive investment into this critical industry.

Fortunately, a bipartisan coalition of Members led by Representatives Blake Moore (UT-1) and Raja Krishnamoorthi (IL-8) have called for and support a tax incentive to drive demand for U.S. manufactured printed circuit boards. This measure was introduced in the 117th and 118th Congresses and has been steadily gaining support.

The proposed sourcing credit will spark demand for U.S.-manufactured printed circuit boards unleashing private investment, innovation, and job creation; restoring an American industry that once led the world. In fact, 25 years ago, the United States was home to thousands of manufacturers that produced roughly

30% of the world's circuit boards. Today, fewer than 150 American PCB manufacturers remain, and they account for just 4% of global circuit board production.

Both political parties have championed a commitment to rebuilding American manufacturing. Electronics manufacturing must be part of that policy. A tax bill that does not address this national risk would be a strategic oversight with potentially disastrous consequences. We risk fabricating chips in Ohio, only to have them board ships to be packaged and assembled on PCBs on the other side of the globe. We risk idle factory lines in Missouri and Massachusetts unable to source circuit boards due to disrupted trade routes with Asia. We risk system failure or compromise in our communication networks and military technology plagued with components sourced from adversaries or inferior technology limited by manufacturing capabilities that have not advanced.

We have each worked in the electronics industry for decades and watched as policy has led to the decline of American manufacturing. Together our associations serve the remaining American PCB manufactures across the United States. You have the opportunity to ensure America's continued access to critical electronic components today and in the future, and we urge you to make the most of it.

Sincerely,



John W. Mitchell
President and CEO
IPC International, Inc.



Shane Whiteside
Chairman
Printed Circuit Board Association of America