

TAXPAYERS PROTECTION ALLIANCE

June 8, 2021

United States Senate
Washington, D.C. 20510

Dear Senator,

On behalf of the millions of taxpayers the Taxpayers Protection Alliance (TPA) represents nationwide, we urge you to oppose the U.S. Innovation and Competition Act – formerly known as the Endless Frontiers Act. This 1,400-page bill is rife with wasteful spending and provisions that run counter to the bill's stated purpose.

The bill's sponsors started this effort with the enviable goal of boosting innovation and making the United States more competitive abroad. Unfortunately, the bill in its current form will have the opposite effect. The bill ushers in more protectionism, which inevitably promotes certain industries at the expense of others.

The bill includes more restrictive "Buy American" rules for federal construction projects. Such a provision will ensure these projects have inflated costs, which will end up falling on American taxpayers. It will also limit access to some of the highest quality goods and services from across the globe. This runs directly counter to the Biden administration's promise to "build back better."

Tied to the nearly \$52 billion in subsidies for the domestic semiconductor industry alone is a Davis-Bacon style wage requirement. This is a major giveaway to labor unions and will lead to American semiconductors being more expensive. Once again, this would not only fail to make America more competitive, it will give the rest of the world a competitive advantage.

The National Science Foundation (NSF) also receives tens of billions of dollars in new funding. The NSF is notorious for its often bizarre expenditures and research. While they may make for amusing charts on the floor of the Senate, they are less so when Americans get hit with an added tax burden for such research.

Perhaps most disturbingly, however, is the distinct cronyism present in this bill.

The bill includes strict country-of-origin labeling requirements, but excepts crabbing industries for no discernible reason other than to win the votes of senators from states with a prevalent crabbing industry.

Moreover, billions of the semiconductor subsidies are dedicated to antiquated, dubious technologies that benefit only specific states like New York and Michigan.

Roughly \$10 billion is dedicated to NASA in the bill to re-open the possibility of the company BlueOrigin winning a contract already awarded to SpaceX. It also requires NASA to build an unnecessary launch system for which Boeing has a lucrative contract.

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Congress was right to run from earmarks in the past. Like most legislation of its length however, the U.S. Innovation and Competition Act opens the floodgates for wasteful spending and pet projects that only serve to curry favor with special interests. None of this particular brand of cronyism will serve to make the United States a more competitive force in global commerce.

In recent years, the consequences of restrictionist trade policies and the immense benefits of deregulation have been experienced in the United States. This bill incorporates neither of those lessons. The private sector has delivered some of the most comprehensive innovations the world has ever seen. To make the nation more competitive, Congress should take a hands-off approach and let the innovators do what they do best.

It is for these reasons and more why TPA opposes the U.S. Innovation and Competition Act and urges you to do the same.

Sincerely,

A handwritten signature in dark ink, appearing to read "David Williams", is positioned above the printed name.

David Williams
President