

Why the Superfund Excise Tax on Chemicals Should Be Repealed



Background

The U.S. Infrastructure Investment and Jobs Act (IIJA) of 2021 reinstated Superfund excise taxes on chemicals that expired in 1995. The taxes were reinstated at two times their previous levels. On January 22, 2025, Representatives Beth Van Duyne (R-TX), Mike Carey (R-OH), Carol Miller (R-WV), and Darin LaHood (R-IL) reintroduced the Chemical Tax Repeal Act (H.R. 640) to repeal the excise taxes on taxable chemicals and taxable substances. On February 18, 2025, a companion Senate bill (S. 615) was reintroduced by Senators Ted Cruz (R-Texas), John Barrasso (R-Wyo.), John Kennedy (R-La.), Mike Lee (R-Utah), and John Cornyn (R-Texas).

Superfund Excise Taxes Disadvantage U.S. Manufacturers

New Superfund excise taxes mean increased costs on U.S. chemical manufacturers and their customers – companies that produce the vast majority of U.S. manufactured goods. This could lead to a decline in production capacity in the chemical industry and other U.S. manufacturing industries in favor of foreign competition. ACC analysis shows that repeal of the taxes could increase chemical industry output by more than \$300 million annually. National defense, energy independence, modern healthcare, technology, and innovation all depend on chemistry.

Superfund Excise Taxes Exacerbate Supply Chain Challenges and Inflation

Superfund excise taxes on chemicals exacerbate supply chain challenges for chemistries that are the basic building blocks for American manufacturing. These new taxes on U.S. manufacturing add to the cost of consumer goods and make their components more expensive. These include clean energy building blocks such as renewable energy, advanced coatings, energy efficiency solutions, and clean energy technologies. This is happening when Americans are already struggling with debilitating inflation and high prices.

Chemistry Companies Have Paid for Site Remediation

Chemistry companies and others targeted by the Superfund excise taxes have paid for Superfund site remediation several times over. As responsible parties, they've paid to study, clean up, and reimburse federal and state government costs at sites they contaminated. At multi-party sites, they paid the shares of responsible parties that were defunct, bankrupt, or released from liability by Congress. As corporate taxpayers, they paid again. Thus, this tax is simply punitive - and does not reflect the nature of the types of sites on the National Priorities List (NPL).

ACC Viewpoint

We strongly support the repeal of Superfund excise taxes on chemicals, which target all chemical manufacturers — and some other industries — regardless of whether there is a connection to a Superfund site. ACC member facilities make up a very small percentage of current Superfund sites, and they are already paying directly for cleanup. We urge lawmakers to swiftly approve the Chemical Tax Repeal Act (H.R. 640 / S. 615).

Large Costs to Chemical Industry — and Ultimately Consumers

Annual costs of reinstated Superfund excise taxes on chemicals*:

\$1.45 Billion

These costs are being incurred when the chemistry industry is already facing supply chain challenges, intensifying foreign competition, and slim margins. For specific chemicals and specific plant operations, the added costs from the taxes could exceed profit margin.

**Source: Joint Committee on Taxation*

Superfund excise taxes were reinstated on 42 chemicals. The burden is primarily falling on ethylene, propylene, benzene, chlorine, and xylene. These chemicals are basic building blocks for chemistries used in light vehicles, building and construction, business equipment, water delivery and purification, and many other final products for businesses and consumers. These products face intense foreign competition and slim margins. The reinstated taxes could offset any economic return on sales to current producers, making these segments non-competitive in the global market.

Superfund Excise Taxes — Examples (\$ per ton)

	PRIOR	CURRENT
Ethylene	\$4.87	\$9.74
Propylene	\$4.87	\$9.74
Benzene	\$4.87	\$9.74
Chlorine	\$2.70	\$5.40
Xylene	\$4.87	\$9.74