



VIEW*&*VISIONS

Bowles Rice

BOWLESRICE.COM

SUMMER 2022

West Virginia Manufacturing Poised for Success in New Infrastructure Era



Rebecca McPhail
West Virginia
Manufacturers Association

Rebecca McPhail joined the West Virginia Manufacturers Association as its President in 2013. She previously served as the President of Vision Shared, Inc., a Charleston, West Virginia-based community and economic development organization. Prior to her work at Vision Shared, McPhail was Assistant Vice President of Development at Marshall University. She is a member of the West Virginia Department of Environmental Protection Advisory Council and the West Virginia Early Childhood Development Council. In 2019, McPhail was named the West Virginia University Institute of Technology Alumni of the Year.

Manufacturing touches every facet of modern living, much in the same way infrastructure allows modern society to function. And just like amino acids are the building blocks of human life, manufacturing provides the building blocks of our nation's infrastructure.

Thanks to new federal legislation that promises to pump \$1.2 trillion into rebuilding America's infrastructure, West Virginia manufacturers have scores of opportunities for new investment.

"More than 3,200 miles of highway and 1,545 bridges are in poor condition. At least 258,000 West Virginians have no broadband access. Thirty-two percent of trains and transit vehicles are beyond their useful lives," Manchin and Capito said.

An infusion of \$6 billion will help West Virginia solve many of its longstanding infrastructure problems. We already are hearing announcements for projects directly tied to the infrastructure bill, such as a new interstate interchange in Ohio County, a new bridge in

"...manufacturers can anticipate a surge in demand for supplies and equipment because the new investment program puts a priority on domestic sourcing."

New Investment to Solve Old Problems

While it likely will be years before the full value of the Infrastructure Investment and Jobs Act is realized, manufacturers can anticipate a surge in demand for supplies and equipment because the new investment program puts a priority on domestic sourcing. At the same time, they also can look forward to improvements in transportation as roads, bridges, railways, and airports get much-needed repairs, upgrades, and expansions.

As explained in a joint statement by U.S. Senators Joe Manchin (D-W.Va.) and Shelley Moore Capito (R-W.Va.), the federal spending plan means more than \$6 billion in new infrastructure investment will be coming to the Mountain State where "we are in desperate need of infrastructure investments."

St. Marys, and the completion of Corridor H. We expect many more announcements to roll out throughout the year, not just for road/bridge projects, but also on water/sewer improvements, public transit expansion, broadband enhancements, and energy production diversification.

West Virginia Manufacturers Can Supply the Nation

At the West Virginia Manufacturers Association, our members are eager to play a major role in America's infrastructure rebirth. Fulfilling the promise of the Infrastructure and Jobs Act will require a massive infusion of building supplies, many of which can be sourced locally now or in the near future, thanks to important investments in West Virginia's manufacturing community.

Nucor, for example, is building a state-of-the-art steel mill in West Virginia that will provide some 800 new jobs and produce up to 3 million tons of sheet steel per year for the automotive, appliance, HVAC, heavy equipment, agricultural, transportation, and construction markets.

Our chemical industry provides base components for cleaning and sanitation products, personal protective equipment, plastics and foams for more energy efficient automobiles, and more. From food-grade products and medicines to pulp/paper products and automotive components, manufacturing in the Mountain State greatly contributes to the diverse and growing West Virginia economy.

Powering the Nation from Appalachia

Domestic energy production is one of the major prongs of the new spending package, and West Virginia is vying to become one of four national hydrogen hubs funded by the Infrastructure Investment and Jobs Act. Our congressional leaders hope the Mountain State can capture a leading role on the nation's energy production stage, and several WVMA members are part of the West Virginia Hydrogen Hub Coalition that is coordinating this effort.

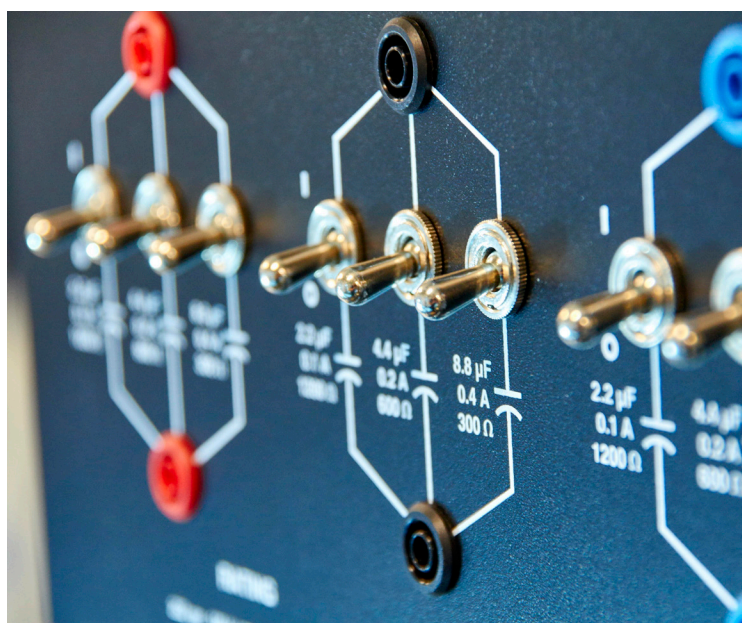
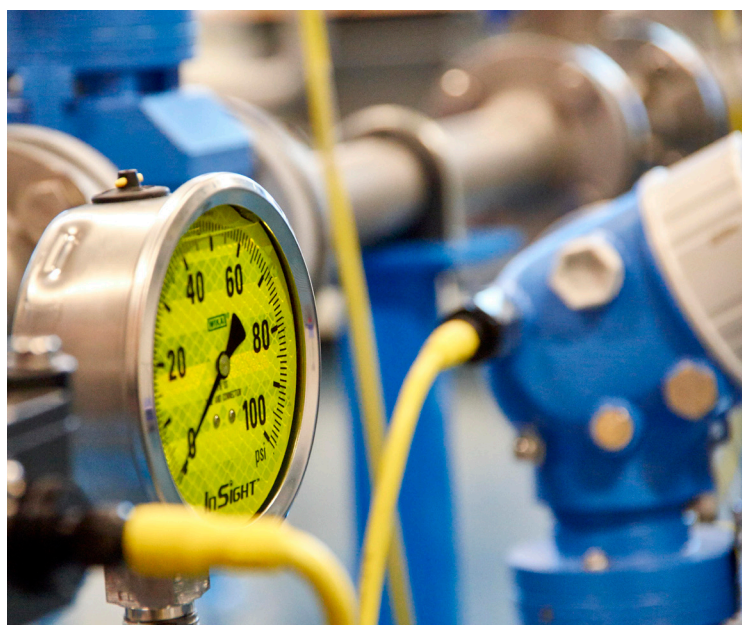
On a related energy note, the infrastructure bill includes funding for advanced battery material research to understand and support efforts for advanced battery manufacturing. Enter another new business in West Virginia: energy startup SPARKZ, which announced its entry into our state with a new lithium battery plant.

U.S. Energy Secretary Jennifer Mulhern Granholm and Interior Secretary Deb Haaland visited West Virginia in March to discuss workforce development opportunities and, during that visit, Granholm announced a \$5 million training initiative, the first in the nation to focus on battery workers. The funds will be split among five U.S. sites, and she hinted that West Virginia is likely to be a recipient.

Manufacturing Outlook Is Positive

Overall, the future looks bright for the creators in our economy. The National Association of Manufacturers polled its members after passage in November 2021 of the bipartisan infrastructure package, and the results show renewed optimism for the industry:

- Nearly 90 percent of respondents reported a positive outlook about their own manufacturing company.
- Members anticipate an average 6.1 percent increase in sales and 3.7 percent full-time employment growth over the next 12 months.



CONTINUED ON PAGE 46

**Rebecca McPhail**

West Virginia Manufacturing Poised for Success in New Infrastructure Era

- Likewise, respondents expect a 5.6 percent increase in production and 3.9 percent increase in wages over the next year.

Given the extreme pressures on manufacturing during the COVID-19 pandemic and ongoing supply chain, workforce and inflationary challenges, the anticipated uptick in production and wages is welcome news.

The only dark shadow on the horizon beyond inflation is an ongoing debate in Congress over new or increased taxes on manufacturing activities. A vast majority of respondents to the NAM survey – nearly 89 percent – said their company would find it more difficult to expand their workforce, invest in new equipment, or expand facilities if the tax burden on income from manufacturing activities increased.

We hope our elected leaders abandon plans to tax the very industry that will provide the feedstock for the massive infrastructure movement they have created. Instead, we encourage them to double down on manufacturing and allow us to do what we do best: create the products and processes that will secure a better future for Americans. **W**