



Ultra Machining Company

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UMC Urges Congress to Reinstate the 2017 Tax Cuts and Support “The One Big, Beautiful Bill”

Ultra Machining Company (UMC), a second-generation, family-owned Subchapter S precision CNC manufacturer, stands firmly behind *The One Big, Beautiful Bill* and calls on Congress to fully reinstate and make permanent the 2017 Tax Cuts and Jobs Act (TCJA). As a high-precision shop serving mission-critical industries—medical, aerospace, defense, and space—UMC is no stranger to complexity and regulation. But today's fragmented compliance landscape, coupled with regressive tax policy changes, is actively undercutting our ability to invest, hire, and innovate on American soil.

The elimination of full R&D expensing has imposed an immediate and damaging financial burden on our business. Instead of deducting our \$4.2 million in qualified R&D expenses in the year incurred, we're forced to amortize it over five years (or six, including the half-year rule). That means only \$420,000 could be deducted in year one. At a combined tax rate of ~46.85% (federal and Minnesota), that's a \$1.77 million hit to our cash flow in the first year alone. As of now, that total impact has grown to \$3.15 million in lost liquidity—money we would otherwise be using to hire skilled talent, invest in automation, and bring our newly expanded 60,000-square-foot facility to full capacity.

The damage isn't just short-term. Delayed deductions increase our effective tax rate due to inflation and opportunity cost. Dollars we don't have today are dollars we can't reinvest when the market demands speed and agility. Meanwhile, foreign competitors—many of whom *can* still fully expense R&D—gain a distinct advantage. They can reinvest faster and at lower cost, while U.S. manufacturers like UMC face steeper capital burdens just to keep up.

This policy shift puts American innovation at risk. R&D is not optional for UMC—it's embedded in how we solve complex problems, develop next-generation components, and stay competitive in high-stakes industries. But when the financial payback stretches over years, many companies will reduce or delay their R&D spending. This doesn't just slow growth—it threatens our position as a global leader in manufacturing and innovation.

UMC has weathered 9/11, the 2008 crash, and COVID. We've survived while many others have shuttered. The TCJA gave us the confidence to expand during the pandemic; without its full support today, we're stuck with idle space and rising tax bills. If lawmakers want to strengthen domestic manufacturing, they must restore and make permanent 100% R&D expensing and bonus depreciation.

We support *The One Big, Beautiful Bill* for its regulatory clarity, and we demand the return of smart tax policy that fuels—not punishes—American manufacturing. Give us the tools, and we will build. We won't let our country down.

Don Tomann, Major Owner & CEO

Ultra Machining Company

"Going Beyond Others. Innovators Transforming Manufacturing."