



Managing Uncertainty: Regulatory Impacts on the Manufacturing Industry

Apr 30, 2025

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At Frost Brown Todd's inaugural [FBT Connect™ Manufacturing](#) event on April 8, experts opined on the regulatory impacts facing the manufacturing industry today. Jonathan Miller, partner-in-charge of Frost Brown Todd's Washington, D.C. office, moderated the regulatory panel. Frost Brown Todd Partner Mekesha Montgomery provided insight in the labor and employment arena; for environmental considerations, Frost Brown Todd Partner Kevin McMurray gave his insight; Crowe LLP Partner Lara Thompson tackled major issues in federal tax administration; and Frost Brown Todd Partner Jan de Beer addressed the hotly debated tariffs imposed thus far under (and in response to) the Trump administration.

During the FBT Connect™ regulatory panel, two major themes emerged across all four areas that can be categorized using two words: uncertainty and litigation. With major developments in labor, tax, environmental policy and global trade, manufacturers are entering a period where careful navigation and strategic adaptability are critical.

Labor & Employment: Regulatory Gridlock and Legal Risks

[Mekesha Montgomery](#) gave an overview of the situation manufacturers are facing in the labor and employment arena. The National Labor Relations Board (NLRB) and the Equal Employment Opportunity Commission (EEOC) are both experiencing internal disruptions that are likely to stall formal decision-making and trigger further litigation.

- **NLRB quorum crisis:** With only two board members currently seated—following the removal of a third by the Trump administration—the NLRB lacks the quorum needed to take

official action. This impasse effectively freezes labor-related NLRB rulings for the foreseeable future.

- **EEOC in limbo:** A similar scenario is unfolding at the EEOC, where a lack of commissioners due to the firing of two Democratic appointees means no formal regulatory changes are expected anytime soon. However, the EEOC's general counsel is still at work assessing diversity, equity and inclusion (DEI) programs for potential Title VII violations, likely setting the stage for a wave of litigation.

Environmental Regulation: Deregulation, Litigation, and PFAS

As outlined by [Kevin McMurray](#), environmental policy remains a highly regulated space for manufacturers, but the current focus of the new administration is on deregulation—with potentially disruptive consequences as the United States Environmental Protection Agency (U.S. EPA) tries to fulfill this objective.

- **EPA focus area:** President Trump has issued many executive orders that involve environmental regulation, particularly as it affects the energy and manufacturing sectors. U.S. EPA Administrator Zeldin announced that the agency would reconsider 31 major environmental regulations, many of which are tied to the energy sector. At the center of this is the 2009 “Endangerment Finding” that flowed from a U.S. Supreme Court decision finding that greenhouse gases are air pollutants under the Clean Air Act. This ruling underpins most greenhouse gas regulations. While it is unlikely that major changes will happen quickly, particularly given the number of regulations targeted and the efforts at downsizing the federal government, including the U.S. EPA, the reconsideration could lead to prolonged litigation and regulatory uncertainty. It is expected that states may continue to attempt to fill the void with new rulemaking and enforcement, including efforts to crackdown on per- and polyfluoroalkyl substances (PFAS).
- **PFAS regulation:** Known as “forever chemicals,” PFAS compounds (a group of thousands of synthetic chemicals) are

continuing to draw increased scrutiny due to their persistence in the environment and links to serious health risks. Under the Biden administration, PFAS regulation was a very high priority, and the U.S. EPA promulgated a number of regulations. Perhaps the most significant of these regulations was the listing of two common PFAS chemicals as “hazardous substances” under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Being designated as “hazardous substances” triggers certain liabilities and increases the potential for litigation. Notably, on April 28, 2025, the U.S. EPA issued a press release [announcing a series of PFAS-related actions](#) guided by three principles: (1) strengthening the science, (2) fulfilling statutory obligations and enhancing communication, and (3) building partnerships. In the meantime, many states in the northeast and out west remain focused on environmental and product regulation, creating a patchwork of requirements for manufacturers. There also continues to be a significant uptick in private party litigation, expanding beyond manufacturers of the PFAS compounds, to parties that utilize such materials in their operations.

Tax Policy: Complex and Constraining

[Lara Thompson](#) discussed how the current tax landscape presents several challenges for manufacturers, particularly when it comes to research and development (R&D) expenditures and interest expense limitations.

- **Section 174:** New capitalization rules require companies to amortize certain R&D expenses over time, rather than deducting them immediately. This change is proving burdensome for innovation-heavy manufacturers. Relief can be partially offset with an R&D credit should certain factors be present.
- **Section 163(j):** This provision limits the deductibility of interest expenses to 30% of adjusted taxable income. For manufacturers carrying significant debt, this can be a major obstacle to efficient financial planning. Some relief may be

found through Section 266, which allows for the recharacterization of certain interest expenses as capitalizable costs—but this requires careful analysis and strategic tax planning.

Tariffs: A Moving Target

[Jan de Beer](#) outlined how trade policy remains highly volatile, especially in relation to tariffs. What was initially seen by many as a short-term negotiation strategy may signal a longer-term restructuring of global trade dynamics.

- **Rapid changes:** Tariff developments are changing on a weekly—or even daily—basis. Manufacturers must closely monitor their supply chains, track product classification codes, and stay agile.
- **Uncertainty around exclusions:** While some product-specific exclusions are likely, predicting their application remains difficult. These exclusions are often referred to as a “deal” in public commentary but lack transparency or consistency.
- **Consumer impact:** It’s unclear how much of the added tariff cost will be absorbed by manufacturers or passed on to consumers, but the overall effect is a drag on production and demand.

Key Takeaways

Across all areas the manufacturing industry is facing an environment marked by regulatory paralysis, legal risk, and economic uncertainty. While some deregulatory efforts may create short-term opportunities, they ultimately may introduce long-term unpredictability.

For manufacturers, the best course of action is to stay informed, maintain flexibility, and prepare for a potentially litigious and fast-changing regulatory climate. Staying ahead will require not just compliance, but also a strategic understanding of how shifting regulations can impact operations, investment decisions, and long-term growth.

Frost Brown Todd remains at the forefront of all critical issues affecting the manufacturing industry, and we are ready to assist clients with navigating this rapidly changing environment. For more information, please contact the authors of this article or any of the attorneys featured on the regulatory impacts panel at [FBT Connect™ Manufacturing](#).

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