

January 8, 2024

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader Schumer, Speaker Johnson, Minority Leader McConnell and Minority Leader Jeffries,

On behalf of the undersigned organizations who represent the interests of taxpayers, consumers and families across the country, we urge you to quickly enact pro-growth tax legislation in the new year. 2023 was challenging for many Americans due to persistent inflation, rising interest rates, and an uncertain economic climate. Congress should immediately work to improve economic conditions with a fiscally responsible, broad-based tax package that encourages more investment in the American economy. Such policies are far preferable to targeted provisions that seek to micromanage the economy by letting the government pick winners and losers.

Specifically, we urge you to pass fiscally responsible tax legislation that includes the following:

Extending the full and immediate expensing provisions of the Tax Cuts and Jobs Act of 2017 (TCJA) (Section 168(k) of the Internal Revenue Code).

Full expensing, or bonus depreciation, is critically important to economic growth because it provides an immediate tax benefit for investing in certain short-lived assets that can increase productivity and wages. Unfortunately, it began phasing out in 2023 and, if Congress fails to act, will completely phase out by 2027.

Reestablishing full deductibility of research & development (R&D) costs (Section 174).

As of 2022, businesses can no longer fully and immediately deduct their R&D investments. Instead, they must amortize these costs over the course of five years. This tax structure undermines American competitiveness and innovation. Congress should quickly restore R&D expensing.

Restoring deductibility of depreciation and amortization costs (Section 163(j)). Section 163(j) of the Internal Revenue Code allows businesses to deduct interest up to a certain limit, which includes 30 percent of adjusted taxable income (ATI). Since 2022, the amount of interest deductions that businesses can take has been limited to 30 percent of earnings before interest and taxes (EBIT) rather than earnings before interest, taxes, depreciation, and amortization (EBITDA), which was the standard during the initial years of TCJA. Restoring this tax provision would be a huge boon to American manufacturers.

Congress should start the new year with legislation that helps get our economy back on track. We strongly urge you to work quickly to include these three provisions in an early-year tax package.

Sincerely,



Pete Sepp,
National Taxpayers
Union



Saulius "Saul" Anuzis,
60 Plus Association



Stephanie Smith,
Alabama Policy
Institute



Dick Patten,
American Business
Defense Council



Phil Kerpen,
American
Commitment



Steve Pociask,
American Consumer
Institute



Grover Norquist,
Americans for Tax
Reform



Bob Carlson,
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Ryan Ellis,
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Individual Freedom



Daniel Mitchell,
Center for Freedom
and Prosperity



John Hinderaker,
Center of the
American
Experiment



Tom Schatz,
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Against Government
Waste



Scott Parkinson,
Club for Growth



Iain Murray,
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Enterprise Institute



James Edwards,
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Property Rights



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Jason Pye,
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George Landrith,
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Victor Riches,
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Sal Nuzzo,
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