

January 28, 2022

The Honorable Ron Wyden
Chair, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Richard Neal
Chair, House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mike Crapo
Ranking Member, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Kevin Brady
Ranking Member, House Committee on Ways and Means
1139 Longworth House Office Building
Washington, D.C. 20515

Dear Chair Wyden, Chair Neal, Ranking Member Crapo, Ranking Member Brady, and Members of the Senate Committee on Finance and House Committee on Ways and Means:

On behalf of the undersigned taxpayer, consumer, and free-market advocacy organizations, we urge you to advance the Accelerate Long-term Investment Growth Now (ALIGN) Act in your committees and advocate for the bill's enactment in 2022. This legislation is critical to ensuring U.S. companies can continue to confidently invest in the machinery, equipment, software, and additional tools that make U.S. workers and the U.S. economy more competitive and provide all Americans with valued goods and services.

As you know, the 2017 Tax Cuts and Jobs Act (TCJA) allowed companies to fully expense (i.e., immediately and fully recover the costs of) their investments in certain short-lived assets.¹ This is colloquially referred to as “bonus depreciation” or “100 percent bonus depreciation,” and it reduces the costs U.S. businesses face when making investments in their workforce, its productivity, and its growth.² It also brings the U.S. tax code closer to the economic concept of profit: revenue minus costs. Unfortunately, the benefits of 100 percent bonus depreciation begin to phase out, in most cases, on January 1, 2023.³ Most of the benefits of bonus depreciation will phase out completely by the start of calendar year 2027.⁴

Once 100 percent bonus depreciation begins to phase out, U.S. businesses will face the economically problematic reality of increased costs for making investments here at home. Businesses are already facing a variety of increased costs in the U.S. due to a combination of factors such as inflation, supply chain constraints, and the expiration of cost recovery provisions of the tax code like 1) full and immediate expensing for research and development (R&D) costs and 2) the expanded use of interest deductions under TCJA. We believe Congress should address all of these immediate concerns with pro-growth policies in the near term, while also preventing *additional* increased costs when 100 percent bonus depreciation begins to phase down next year.

The ALIGN Act, S. 1166 and H.R. 2558, would prevent business investment costs from increasing by making the bonus depreciation provisions of TCJA permanent.⁵ The Tax Foundation estimates that this proposal will raise U.S. gross domestic product by 0.5 percent, the wage rate by 0.4 percent, and U.S. capital stock by 0.9 percent, while creating more than 85,000 full-time equivalent jobs.⁶ Congress should also reduce spending to at least offset any revenue reductions.

The ALIGN Act has widespread support both in and outside of Congress. Sixteen Senators have joined lead sponsor Sen. Pat Toomey (R-PA) in supporting S. 1166, while 104 Representatives – nearly one in four members of the U.S. House – have joined Rep. Jodey Arrington (R-TX) in supporting H.R. 2558. The legislation would benefit businesses large and small, as well as their employees. This is why the undersigned organizations, representing taxpayers and free market advocates across the nation, strongly support the ALIGN Act.

¹ 26 USC §168(k).

² Joint Committee on Taxation. “Tax Incentives For Domestic Manufacturing.” March 12, 2021. Retrieved from: <https://www.jct.gov/publications/2021/jcx-15-21/> (Accessed January 14, 2022.)

³ 26 USC §168(k)(6).

⁴ *Ibid.*

⁵ Congress.gov. “S.1166 - ALIGN Act.” Introduced April 15, 2021. Retrieved from: <https://www.congress.gov/bill/117th-congress/senate-bill/1166> (Accessed January 14, 2022.); Congress.gov. “H.R.2558 - ALIGN Act.” Introduced April 15, 2021. Retrieved from: <https://www.congress.gov/bill/117th-congress/house-bill/2558> (Accessed January 14, 2022.)

⁶ Tax Foundation. “Option 7: Make 100 Percent Bonus Depreciation Permanent.” Retrieved from: <https://taxfoundation.org/tax-reform-options/?option=7> (Accessed January 14, 2022.)

We believe that making 100 percent bonus depreciation permanent should be a priority for your Committees and the U.S. Congress in 2022. The U.S. economy requires a robust recovery from the years-long effects of the COVID-19 pandemic. Making bonus depreciation permanent – before it begins to phase down in 2023 – would accelerate businesses' investments in the U.S. economy and U.S. workers for years to come so they can keep providing the goods and services that the American people rely on.

Thank you for your consideration, and should you have any questions please do not hesitate to contact us.

Sincerely,



National Taxpayers Union



60 Plus Association



Association of Mature American Citizens Action



American Consumer Institute



Americans for Prosperity



Americans for Tax Reform



Center for a Free Economy



Center for Freedom and Prosperity



Center for Individual Freedom



Competitive Enterprise Institute



Consumer Action for a Strong Economy



Council for Citizens Against Government Waste



FreedomWorks



The Heartland Institute



Institute for Liberty



Institute for Policy Innovation



Taxpayers Protection Alliance

CC: The Honorable Pat Toomey
The Honorable Jodey Arringtons