



American
Petroleum
Institute



February 2, 2024

The Honorable Chuck Schumer
Majority Leader
United States Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, The Capitol
Washington, DC 20510

Dear Majority Leader Schumer and Leader McConnell,

The Natural Gas Council, on behalf of the individuals and companies who produce, transport, and deliver natural gas across the nation, urges Congress to enact H.R. 7024, the Tax Relief for American Families and Workers Act, which would extend the benefits of 100-percent bonus depreciation, enhanced interest deductibility, and immediate expensing of domestic research and development (R&D) expenses.

As a capital-intensive industry with extended project lead times, the natural gas sector benefits from provisions that allow immediate expensing or bonus depreciation. The ability to completely deduct the cost of making acquisitions of all new and used equipment reduces the average cost of capital across all business investments. By substantially lowering the cost of capital for depreciable investments for equipment to maintain, operate, and deploy our critical infrastructure systems, immediate expensing further spurs activities that might otherwise be delayed to later years.

Debt financing also plays an important role in supporting the natural gas sector. Many of our member companies borrow funds to finance investments in equipment and facilities. Enhanced interest deductibility affords them flexibility to continue borrowing at higher interest rates. Moreover, income tax deductions for interest on loans enable the natural gas industry to efficiently raise these critical funds.

Innovation within our industry is paramount to helping to provide the natural gas fundamental to modern life and to continue advancing strategies and technologies to deliver it. Restoring the immediate deductibility of R&D expenses, including those activities relating to improving production and transport of natural gas, costs associated with taxable wages to personnel (engineers and skilled fabricators supporting construction and design efforts), supplies and raw materials, would reduce the tax burden and allow for greater investment and financing of projects.

Natural gas infrastructure is reliable, built in compliance with exacting safety regulations and engineering standards. To ensure the United States meets its energy, economic, and security

goals, restoring 100-percent depreciation, continuing interest deductibility, and direct R&D expensing would help modernize our infrastructure networks. H.R. 7024 would spur the natural gas sector to make investments now and reduce our tax liability to expand operations and hire additional workers. Targeted expensing and deductions become more impactful as the ongoing economic recovery grows longer, and for investments that are made based on expectations over several years, these incentives to invest in the short-term will have particularly significant effects on investment timing.

The Natural Gas Council and the companies we represent urge Congress to enact H.R. 7024 to ensure that investments in our energy infrastructure continue to deliver natural gas to the American people.

Sincerely,



Amy Andryszak
President & CEO
Interstate Natural Gas Association of America



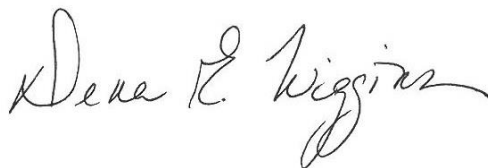
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Dena Wiggins
President & CEO
Natural Gas Supply Association

CC: Speaker Mike Johnson
Leader Hakeem Jeffries