

May 12, 2025

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

The Honorable John Thune  
Majority Leader  
U.S. Senate  
Washington, DC 20510

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

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

Dear Speaker Johnson, Majority Leader Thune, Leader Jeffries, and Leader Schumer:

We, the undersigned organizations, representing thousands of businesses who collectively employ millions of Americans in all sectors of the U.S. economy, urge Congress to immediately enact three specific pro-growth tax relief proposals in the upcoming reconciliation bill authorized by H.Con.Res.14, the fiscal year 2025 budget resolution.

Tax policy plays a critical role in the ability of American businesses to thrive, create jobs in the U.S., and effectively compete in today's global economy. With recent reports of potentially slower growth in the American economy, pro-growth tax policy becomes even more compelling.

The first of the three pro-growth proposals would support innovation and job creation in America by reversing the amortization of research and development ("R&D") expenditures that took effect in 2022. As feared, this anti-growth tax policy has dampened national R&D activity. Since the amortization requirement went into effect, the rate of growth in R&D spending has declined at an alarming rate. After growing at a rate of 6.4% per year on average for five years prior to amortization came into effect, the rate of growth in R&D spending is now less than half of what it was prior to amortization. While America's competitors on the world stage have taken steps to make their R&D tax incentives more generous, amortization has taken the U.S. in the opposite direction, disincentivizing R&D. Restoring the full deductibility of R&D expenditures—as was the law for almost 70 years prior to 2022—will provide clearly proven, internationally competitive pro-growth tax policy.

The second of the pro-growth tax incentives would reduce the cost of debt financing for job-creating projects and investments by reverting the basis of the interest limitation rules from an earnings before interest and taxes ("EBIT") standard to an earnings before interest, taxes, depreciation, and amortization ("EBITDA") standard. The tighter EBIT-based interest deduction limits the amount of interest that businesses can deduct, increasing the cost of capital for significant investments. This stricter limitation, in combination with higher than anticipated interest rates, is reducing after-tax cashflow and adversely affecting investment, particularly in manufacturing. The United States is the only country that imposes this tight limitation on the deductibility of interest, impairing the competitive position of domestic companies.

The final pro-growth incentive is to restore full expensing for capital equipment purchases. The Tax Cuts and Jobs Act enabled businesses to immediately deduct 100% of a qualifying investment, but the 100% level began phasing down in 2023. Full expensing allowed domestic investment to reach new heights in the years following tax reform's enactment, powering economic growth and job creation. The phase down of full expensing, by comparison, made it more expensive for companies to purchase the equipment and machinery necessary for growth and expansion.

All three of these tax policies have a long history of bipartisan support and are critical to strengthening America's global competitiveness. When in force, they empowered businesses in the U.S. to innovate, create well-paying jobs, protect our national security, and remain at the cutting edge of the global economy. Restoring these provisions will have a profound impact on business investment, economic growth, and job creation.

With Congress engaged in the reconciliation bill process, now is the time to restore these three pro-growth tax policies. Congress should prioritize U.S. innovation, manufacturing and economic growth, particularly as strategic competitors like China are offering ever more generous incentives. Congress must act to protect the thousands of small and medium-sized businesses, hundreds of thousands of family-supporting jobs and billions of dollars of pro-growth investments supported by these provisions.

We strongly urge Congress to bolster our economy and support American workers and families. Congress should restore immediate R&D expensing, a pro-growth interest deductibility standard, and full expensing for capital investments.

Sincerely,

Aerospace Industries Association  
Alliance for Automotive Innovation  
The Alliance for Competitive Taxation (ACT)  
Aluminum Association  
American Boiler Manufacturers Association (ABMA)  
American Car Rental Association  
American Chemistry Council  
American Cleaning Institute  
American Composites Manufacturers Association  
American Council of Engineering Companies  
American Exploration and Production Council  
American Forest & Paper Association  
American Foundry Society  
American Frozen Food Institute  
American Home Furnishings Alliance  
American Iron and Steel Institute  
American Petroleum Institute (API)  
AMT—The Association For Manufacturing Technology  
Autos Drive America

Beer Institute  
BEMA  
Business Roundtable  
Cellulose Insulation Manufacturers Association  
Composite Panel Association  
CTIA  
ECIA—Electronic Components Industry Association  
Electronic Transactions Association  
Flexible Packaging Association (FPA)  
FMI—the Food Industry Association  
General Aviation Manufacturers Association  
The Hardwood Federation  
Household & Commercial Products Association  
INDA, Association of the Nonwoven Fabrics Industry  
Independent Lubricant Manufacturers Association  
Independent Petroleum Association of America  
Industrial Fasteners Institute  
Industrial Packaging Alliance of North America  
Industrial Truck Association  
Institute of Makers of Explosives  
International Sign Association  
Irrigation Association  
MEMA. The Vehicle Suppliers Association  
Metal Building Manufacturers Association  
Metals Service Center Institute  
Motion Picture Association  
National Association of Manufacturers  
National Council of Textile Organizations  
National Defense Industrial Association (NDIA)  
National Foreign Trade Council  
National Marine Manufacturers Association  
National Mining Association  
National Venture Capital Association  
National Wooden Pallet & Container Association  
NCTA: The Internet & Television Association  
North American Association of Food Equipment Manufacturers (NAFEM)  
North American Millers' Association  
PEI—Petroleum Equipment Institute  
Pet Food Institute  
Plastics Industry Association  
Plumbing Manufacturers International  
PRINTING United Alliance  
Railway Supply Institute  
Recycled Materials Association (ReMA)  
SEMI  
Semiconductor Industry Association

Silicon Valley Leadership Group  
Silicon Valley Tax Directors Group  
Software Finance and Tax Executives Council  
The Sulphur Institute  
TechNet  
Technology & Manufacturing Association  
Telecommunications Industry Association (TIA)  
Textile Care Allied Trades Association  
TRSA, The Association for Linen, Uniform and Facility Services Industry  
U.S. Chamber of Commerce  
Valve Manufacturers Association  
Window and Door Manufacturers Association