



January 19, 2024

The Honorable Jason Smith
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Ron Wyden
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

Chairman Smith and Chairman Wyden:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 68 chapters representing more than 22,000 member companies, I write today in support of the Tax Relief for American Families and Workers Act. This critical tax proposal would extend key tax provisions for American businesses to provide additional certainty to the construction industry, including the deduction for research and development and the extension of the 100% bonus depreciation. ABC appreciates your efforts to propose this bipartisan effort to grow our economy and ensure America's global competitiveness.

The construction industry benefits both directly and indirectly from the tax code's robust historical preference for research and development. The combination of immediate cost recovery and incentives has allowed contractors to embrace innovative new tools, technologies and materials that continue to improve the efficiency, safety and sustainability of the construction process. From building information modeling and 3D printing to robotics, drones and AI, the construction industry is continually investing in and adopting cutting-edge practices that help contractors attain the highest standards of performance.

In addition to innovations in project delivery, the tax treatment of R&D is also a driver of new construction, as new technologies spur investments in everything from advanced manufacturing facilities and energy generation to storage and more efficient buildings. Contractors have benefited from and come to count on the tax code's reliable treatment of R&D expenses for more than half a century. Allowing for immediate R&D expensing leads to lower tax bills, less paperwork and easier compliance for contractors.

Further, extending the 100% bonus depreciation will have a significant impact on the construction industry at a fraught time for the U.S. economy. For the past five years, construction businesses could expense or write off the purchase of tools, equipment and machinery during the same year in which they were purchased. Preserving this beneficial tax policy will be essential to guaranteeing the success of key construction projects funded by bipartisan congressional legislation, including the Infrastructure Investment and Jobs Act and the CHIPS Science Act.

The bill also offers critical relief for more small businesses through the increase in expensing under section 179, increasing the maximum amount a taxpayer may expense from \$1 million to \$1.29 million for property placed in service starting in 2024. This increase in expensing will allow for improved cash flow, increased investment and a further reduction in the tax disparity between small and large businesses in the United States.

Finally, ABC appreciates the critical lifeline that the employee retention tax credit program provided to contractors throughout the country. However, we also understand the significant concerns that the cost of the program has vastly exceeded expectations and the need to crack down on fraud to ensure the program more effectively serves those that it intended to protect. While ABC understands the desire to quickly end this program and implement new penalties on bad actors, we hope that the committee will work with the IRS to ensure that those taxpayers and preparers who operated in good faith are not excessively penalized.

ABC appreciates this bipartisan, bicameral effort to recognize the significant challenges facing our economy and the construction industry and urges Congress to work swiftly to pass this commonsense and productive proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristen Swearingen". The signature is written in a cursive, flowing style.

Kristen Swearingen
Vice President, Legislative & Political Affairs