



February 13, 2020

The Honorable Pat Toomey
248 Russell Senate Office Building
Washington D.C. 20510

Dear Senator Toomey:

On behalf of National Taxpayers Union (NTU), I write to thank you for introducing the Accelerate Long-Term Investment Growth Now (ALIGN) Act. NTU is pleased to strongly endorse this legislation, which makes permanent the full and immediate expensing provision of the Tax Cuts and Jobs Act (TCJA). Your bill would accelerate economic growth and allow businesses across America to make more confident investments in their workforce for years to come.

Shortly before the TCJA passed Congress in 2017, NTU Foundation's Andrew Moylan and Andrew Wilford succinctly explained how full expensing benefits the economy: "Full expensing would allow businesses to deduct the full value of investments from their tax liability the year of the investment. In doing so, it would reduce the staggering complexity of tax treatment for business assets and encourage increased investment that can fuel economic growth."¹

While lawmakers recognized the benefits of full expensing by including a 100-percent first-year expensing allowance for qualified assets like machinery and software in Section 168(k) of the TCJA, up from a 50-percent expensing allowance under prior law, they phased out the 100-percent allowance starting in 2023.² This phase-out could have the effect of decreasing business investment, blunting the positive effects the TCJA has had on the American economy. The ALIGN Act would solve this problem by making the 100-percent allowance permanent.

As NTU Foundation's Nicole Kaeding put it in December 2019, "[t]he full expensing provisions eliminated an inherent bias in the tax code which punished companies that wanted to purchase capital equipment."³ It is past time to make provision permanent, and the ALIGN Act accomplishes that aim. We thank you for introducing this critically important bill, and stand ready to work with you on additional pro-growth tax reform this year.

Sincerely,

Brandon Arnold
Executive Vice President

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¹ Moylan, Andrew, and Wilford, Andrew. "What's the Deal with Full Expensing?" National Taxpayers Union Foundation, October 4, 2017. Retrieved from: <https://www.ntu.org/foundation/detail/whats-the-deal-with-full-expensing> (Accessed February 4, 2020.)

² Guenther, Gary. "The 2017 Tax Law (P.L. 115-97) and Investment in Innovation." Congressional Research Service, Updated April 9, 2018. Retrieved from: <https://crsreports.congress.gov/product/pdf/IF/IF10757> (Accessed February 4, 2020.)

³ Kaeding, Nicole. "Two Years of TCJA." National Taxpayers Union Foundation, December 19, 2019. Retrieved from: <https://www.ntu.org/foundation/detail/two-years-of-tcja> (Accessed February 4, 2020.)