



The Honorable Jason Smith
Chairman, House Committee on Ways and Means
21139 Longworth House Office Building
Washington, DC 20515

Dear Chairman Smith and Members of the Committee,

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we write to express our support for the Committee's budget reconciliation proposal. While we strongly urge additional refinements that would promote more economic growth, simplify the tax code, and improve our nation's fiscal health, the Committee Print accomplishes many core taxpayer goals and is worthy of support.

The economic benefits of this proposal are clear. This proposal renews a number of key individual and business provisions from the Tax Cuts and Jobs Act (TCJA) that help fuel economic growth. For businesses, it renews deductions for interest payments, incentives for U.S. R&D, immediate expensing for capital investments, and makes both the small business deduction and key international provisions permanent. According to the White House Council of Economic Advisers, relative to allowing the tax cuts to expire, the included provisions are projected to raise real wages of American workers by between \$2100 and \$3300 a year, provide large increases in manufacturing wages, and unleash small business economic growth. The bill's provisions should help U.S. small businesses add an estimated 1 million jobs every year over the next decade. Immediate expensing of R&D should add \$20 billion annually in new investment, while expansions in interest deductibility will boost the American economy by over \$100 billion. Overall, the bill should add over \$850 billion to U.S. GDP every year over the next decade, compared to the current law baseline.

While growing the American economy, the provisions in the Committee Print will also provide continued tax relief for hard working Americans. It loosens Biden-era tax restrictions on gig workers, makes the increased standard deduction from TCJA permanent, keeps the lower tax rates from TCJA that benefited most Americans, and increases exemption levels from the death tax, which, in combination with the extension of key small business deductions, will ensure stability and job growth in small businesses and farms across the country. The extension of core TCJA provisions will keep over six million jobs from being lost, including over one million manufacturing jobs.

The Committee Print will also end a range of expensive onerous environmental policies that often helped the wealthy at the expense of most other Americans. It ends or phases out in a prudent and harmonious manner a host of green tax credits including those for luxury electric vehicles, rooftop solar and other green home improvements, and green

buildings. Alternative energy projects could benefit more from permitting reform, and pro-growth, cost-recovery, and R&D tax provisions extended further ahead than narrowly drafted, complex provisions with an uncertain future. Other costly and distortionary IRA provisions should be considered for the same expedited and harmonized phaseout to prevent attempts to extend them in a future Congress.

While NTU strongly supports most provisions in this “One Big Beautiful Bill,” there are a few measures included that warrant additional consideration or refinement. We strongly urge the cost recovery provisions—full expensing, R&D, and interest deductibility—to be made permanent to maximize economic growth. Additionally, the new deduction for certain structures should be expanded to all structures and made permanent.

We urge removal of the increased tax proposal on private foundations, many of which provide invaluable services and education to communities across the country.

We believe that the revenue dedicated to the “no tax on tips,” “no tax on overtime,” and “no tax on auto loan interest” measures should instead be used to further increase the standard deduction, thus providing across-the-board tax relief to all workers regardless of their line of work. While we are pleased to see a cap on the SALT deduction, we urge the \$30,000 figure to be further limited. With that in mind, despite the shortcomings of these few measures, NTU strongly supports this Committee Print.

Extending and building on the pro-growth elements of the Tax Cuts and Jobs Act while controlling our mounting debt crisis are the most pressing legislative matters that this Congress will address this year, and we commend the Committee for authoring a set of comprehensive, thoughtful, and serious solutions to tackle these critical issues. More reforms are needed in the nearer and intermediate term to bring federal spending growth under control.

NTU urges Committee members to SUPPORT this pro-taxpayer proposal as part of the larger tax reconciliation package. Thank you for your leadership on this important legislation and please do not hesitate to contact NTU should you have any questions.

Sincerely,

David Timmons
Senior Policy Manager