



May 14, 2020

Support the Accelerate Long-term Investment Growth Now (ALIGN) Act, H.R. 6802 and S. 3296

On behalf of FreedomWorks' activist community, I urge you to contact your representative and senators and ask them to cosponsor the Accelerate Long-term Investment Growth Now (ALIGN) Act, H.R. 6802 and S. 3296. Introduced by Rep. Jodey Arrington (R-Texas) and Sen. Pat Toomey (R-Pa.), the ALIGN Act would make a key pro-growth feature of the Tax Cuts and Jobs Act of 2017 permanent.

In December 2017, President Donald Trump signed the Tax Cuts and Jobs Act into law. The tax reform bill was a once-in-a-generation opportunity to provide tax relief and simplification for individuals and pass-through business owners, as well as make the United States corporate tax structure more internationally competitive. The results of the Tax Cuts and Jobs Act, as well as the Trump administration's deregulatory agenda, are clear. The United States has seen higher than expected economic growth and millions of new jobs created.

One of the key elements of the Tax Cuts and Jobs Act was Section 13201, which is the provision allowing businesses to fully and immediately expense, or write off, the cost of capital expenditures. This was one of the most pro-growth aspects of the Tax Cuts and Jobs Act, immediately providing relief for businesses and encouraging investment.

As Andrew Moylan and Andrew Wilford of the National Taxpayers Union Foundation explained while Congress was debating the Tax Cuts and Jobs Act,¹ "Full expensing ensures that businesses can write off the entire value of their investments in capital assets and equipment on their taxes. With this assurance, businesses can make purchasing decisions on a rational basis rather than having to consider and calculate the complicated [Modified Accelerated Cost Recovery System (MACRS)] tax consequences, as every dollar they put towards new investments and business growth will be deducted from their tax liabilities with limited hassle."

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

“Full expensing also targets the arbitrary nature of the depreciation system. A natural byproduct of the IRS taking on the herculean task of micro-managing the ‘useful lives’ of assets is that fundamentally different assets can be grouped together under the same property class. Thus, the incentives for business investments weigh artificially in favor of assets with shorter recovery periods, rather than investments that will provide the greatest overall value simply as a result of their favorable tax treatment,” Moylan added.

Unfortunately, the provision will begin to phase out at the end of 2022 and will expire at the end of 2026. The ALIGN Act would simply make the full expensing of capital expenditures from Section 13201 of the Tax Cuts and Jobs Act permanent. The ALIGN Act also includes the text of the Restoring Investment in Improvements Act, S. 803, which would make a technical correction to the Tax Cuts and Jobs Act to provide the benefits of full-expensing to restaurants, retailers, and other businesses that have not been able to take advantage of this provision of the tax code.

The Tax Cuts and Jobs Act has been a success and has helped the economy grow at higher than projected levels, boosted investment, and created jobs. The ALIGN Act would make one of the most provisions of the 2017 tax reform bill permanent and help continue the momentum that the United States economy is experiencing. The Tax Foundation estimates that making the full-expensing provision of the Tax Cuts and Jobs Act permanent will boost gross domestic product and wages by almost 1 percent and provide an additional 172,300 full-time equivalent jobs.²

For these reasons, I urge you to contact your representative and senators and ask them to cosponsor the Accelerate Long-term Investment Growth Now (ALIGN) Act, H.R. 6802 and S. 3296.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Brandon', with a stylized flourish at the end.

Adam Brandon
President, FreedomWorks

² Erica York, The TCJA's Expensing Provision Alleviates the Tax Code's Bias Against Certain Investments, Tax Foundation, September 5, 2018 <https://taxfoundation.org/tcja-expensing-provision-benefits/>