

H.R. 7024: TAX RELIEF FOR AMERICAN FAMILIES AND WORKERS

Note: This PDF provides a concise overview of the key aspects of H.R. 7024: Tax Relief for American Families and Workers Act and ABMA's stance. Additional details and updates can be obtained by subscribing to ABMA's weekly newsletter the Advocate

ABMA supports, H.R. 7024, which recently passed with bipartisan approval (357-70) in the House. This legislation, aimed at retroactively extending key tax benefits, faces challenges in the Senate. A focus for ABMA Advocacy Day will be thanking our house members for advancing this bill while convincing our Senators to send it to the President's desk.

Background:

The Tax Relief for American Families and Workers Act builds upon the Tax Cuts and Jobs Act (TCJA) of 2017, spearheaded by the Trump administration, which aimed to simplify the tax system, stimulate economic growth, and provide relief to individuals and businesses. The Tax Relief for American Families and Workers Act seeks to continue these policies.

Key Provisions:

- **Extension of Bonus Depreciation (Section 203):** This allows businesses to deduct the full cost of property purchases immediately. It encourages investments in equipment and facilities, boosting efficiency and competitiveness.
- **Increase in Limitations on Expensing of Depreciable Business Assets (Section 204):** This lets businesses deduct more of their property purchase costs immediately, rather than depreciating them over time. This can lower taxable income and improve cash flow, allowing for reinvestment and providing additional resources for expansion and improvement.
- **Deduction for Domestic Research and Experimental Expenditures (Section 201):** Research and development (R&D) activities supported by this deduction could lead to the development of new and improved products, building materials, or manufacturing processes relevant to the sector.
- **Extension of Allowance for Depreciation, Amortization, or Depletion in Determining the Limitation on Business Interest (Section 202):** This extension provides relief for businesses with prominent levels of debt financing. It reduces the tax burden on interest payments, which can free up capital for investment in inventory, equipment upgrades, or other business needs.

What ABMA Members Should Know:

While the TCJA introduced significant reforms, it also included phase-outs for certain provisions over time, necessitating the need for further legislative action to maintain crucial tax benefits.

Senate Finance Committee Chair Ron Wyden, has shared alarming data from the Treasury Department regarding the potential consequences for small businesses if the senate fails to pass this legislation. The data reveals that:

- **Nearly 4 million** small businesses are at risk if the Senate fails to act promptly.
- **Around 10,000** small businesses heavily invested in R&D face unprecedented disruption.
- **Without immediate action**, these businesses face disruptions, layoffs, and even closure.

For more information and advocacy support, please contact the ABMA Government Relations Office: Francis Palasieski fpalasieski@abmalliance.org 518-880-6376.