



## **Tax Relief for American Families and Workers Act: Pro-growth and pro-family policies to boost U.S. competitiveness and help hardworking Americans.**

### **Locks in Pro-Growth GOP Tax Policies and Boosts Competitiveness with China**

- **Research & Development (R&D) expensing** so businesses of all sizes can immediately deduct the cost of their U.S. R&D investments instead of over 5 years – supporting innovation and growth here at home.
- **Interest deductibility** to help small- and medium-sized businesses meet payroll and grow – particularly at a time of high interest rates.
- **100% expensing** for business investment in U.S. facilities, equipment, and machines.
- **End double taxation** on businesses and workers operating in both the U.S. and Taiwan – strengthening America’s competitive position versus China.

### **Supports Main Street Businesses and Rebuilding American Communities**

- **Increase small business expensing** to \$1.29 million – a \$290,000 increase above the level enacted in GOP tax reform in 2017.
- **Cut red tape for small businesses** by adjusting the reporting threshold for subcontract labor from \$600 to \$1,000 – the first update since the 1950s.
- **Disaster tax relief** for communities affected by recent events, including hurricanes, wildfires, and the Ohio rail disaster.
- **Increase access to housing** with bipartisan provisions to increase state tax credit allocations and provide more flexibility on bond financing requirements.

### **Eliminates Fraud and Waste by Cutting Off Funding for COVID-Era Spending Program**

- **Save taxpayer dollars** by accelerating the deadline for filing backdated claims under the employee retention credit – a program hit by major cost overruns and rampant fraud.

### **Maintains a Child Tax Credit Structure that Rewards Work**

- **Support middle-class families struggling with high prices** by adding an inflation adjustment to the \$2,000 child tax credit topline amount starting in 2024.
- **Eliminate penalty for large families** to ensure child tax credit work incentives apply equally to families with multiple children.
- **Flexibility for parents** to use a current- or prior-year income calculation in 2024 and 2025.
- **Retain GOP tax reform’s structure for refundability** with incremental increases to the refundable portion through 2025 – at the same time, the topline credit amount will be increasing with the new inflation adjustment.
- **Reject extreme policies advocated by far-left groups** that would eliminate existing work requirements or allow the IRS to send out recurring checks – reducing by 92 percent the cost of the child tax credit changes compared to the \$120 billion-per-year policy that Democrats enacted for 2021.

## Builds on the Economic Successes of the 2017 GOP Tax Reform

- **Avoid the 1 million jobs economist say will be lost** if R&D expensing, interest deductibility, 100% expensing, and other pro-growth GOP tax policies are not extended.
- **Lock in over \$600 billion** in proven pro-growth, pro-America GOP tax policies with these three key provisions.

### Economic benefits of R&D expensing

- **R&D investment exploded by 18 percent after GOP tax reform**, creating unprecedented new jobs and innovation in the United States.
- **\$2 trillion was invested in new facilities and R&D** in the two years after GOP tax reform was passed.
- **Over \$70 billion in new R&D investment** will be generated in the United States with extension of R&D expensing.
- **2 million direct R&D jobs and over 21 million total jobs** are supported by R&D expensing.

### Economic benefits of interest deductibility

- **867,000 jobs and \$58 billion in additional take-home pay** will be generated for American workers with extension of interest deductibility.
- **U.S. businesses' debt levels fell by 35 percent** after GOP tax reform, allowing them to lower expenses, raise wages, and create more financial security.

### Economic benefits of 100% expensing

- At the end of the Obama-Biden Administration, U.S. companies were cutting their investments in American plants and jobs.
- **But U.S. investment grew by over 20 percent** after GOP tax reform, with 100% expensing being the crucial factor driving the turnaround.
- **Inflation remained at decades-low levels** while this historic surge in investment and growth was being achieved.

## Puts the Economy on Track to Return to Prior Economic Strength Starting in 2025

- In the two years immediately following passage of the 2017 GOP tax reform...
  - **GDP growth was a full percentage point higher** than the previous 10-year average and economists' estimates – resulting in more jobs and opportunity.
  - **Unemployment was at the lowest rate in 50 years**, including all-time lows for African American and Hispanic workers, and those without a high-school degree – alongside the **lowest poverty rate in a half century**.
  - **Wages grew at a rate 4.9 percent higher than inflation** – the fastest two-year growth in real wages in 20 years.
  - **Household income rose by \$5,000** – a bigger increase in just two years than in the prior eight years combined under the Obama-Biden Administration.
- After three years of the Biden Administration's crippling price increases, shrinking pocketbooks, and lower economic opportunity, GOP tax policies will help American workers and families get back on their feet.