

March 24, 2025

The Honorable James Lankford  
316 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Jodey Arrington  
1107 Longworth House Office Building  
Washington, D.C. 20515

Dear Senator Lankford and Representative Arrington:

On behalf of the undersigned taxpayer, consumer, and free market advocates, we applaud you for introducing the Accelerate Long-term Investment Growth Now (ALIGN) Act, which makes permanent full and immediate expensing for American investments in machinery and equipment, also known as 100% bonus depreciation. This legislation would spur the American economy and create jobs—particularly boosting domestic manufacturing.

As you know, the 2017 Tax Cuts and Jobs Act (TCJA) provided companies with the opportunity to fully and immediately expense their investments in short-lived assets that make the American workforce more productive, like machinery, equipment, and software. However, this 100% bonus depreciation was only in effect from 2018 through 2022, and started phasing down 20 percentage points per year in 2023. By 2027, there will be no bonus depreciation allowed for these investments at all. With pivotal efforts to extend the TCJA happening this year, this bill highlights the critical importance of including bonus depreciation for American economic growth.

Any allowance of bonus depreciation for tangible property in the federal tax code offers benefits for U.S. workers, companies, and the overall economy. When businesses can more quickly recover the costs of assets that are eligible under this provision, they invest more in those assets. Bonus depreciation also reduces tax administrative complexity for companies by allowing the full and immediate deduction of expenses rather than requiring businesses to track and deduct those costs over several years. The Tax Foundation estimated in November 2022 that making 100% bonus depreciation permanent would increase GDP by 0.4%, increase wages by 0.3%, and increase full-time equivalent employment by 73,000 jobs.<sup>1</sup>

Your legislation, the ALIGN Act, would make 100% bonus depreciation permanent, canceling the phasedown in bonus depreciation that begins this year. Similar legislation in the 118th Congress was supported by 12 senators<sup>2</sup> and 40 representatives.<sup>3</sup> Furthermore, some level of bonus depreciation for short-lived assets has been a feature of the tax code in 21 of the past 24 years—often gaining the support of both Republican and Democratic lawmakers.<sup>4</sup> Republican presidential administrations and Democratic presidential administrations, including the Obama Treasury Department in 2010,<sup>5</sup> have made the forceful case for the economic benefits of 100% bonus depreciation.

We believe that 100% bonus depreciation would accelerate economic growth, create American jobs, improve productivity, and grow wages. Thank you again for your leadership on the vital issue of making 100% bonus depreciation permanent.

Sincerely,

<sup>1</sup> Watson, Garrett; and Li, Huaqun. "Permanent 100 Percent Bonus Depreciation Even More Important When Inflation Is Elevated." Tax Foundation, October 27, 2022. Retrieved from: <https://taxfoundation.org/permanent-bonus-depreciation-inflation/> (Accessed March 21, 2023.)  
<sup>2</sup> Congress.gov. "S.1117 - ALIGN Act." Introduced March 30, 2023. Retrieved from: <https://www.congress.gov/bill/118th-congress/senate-bill/1117>.  
<sup>3</sup> Congress.gov. "H.R.2406 - Accelerate Long-term Investment Growth Now Act." Introduced March 30, 2023. Retrieved from: <https://www.congress.gov/bill/118th-congress/house-bill/2406>.  
<sup>4</sup> Guenther, Gary. "The Section 179 and Section 168(k) Expensing Allowances: Current Law and Economic Effects." Congressional Research Service, Updated May 1, 2018. Retrieved from: <https://crsreports.congress.gov/product/pdf/RL/RL31852> (Accessed March 21, 2023.)  
<sup>5</sup> U.S. Department of the Treasury. (October 29, 2010). "The Case for Temporary 100 Percent Expensing: Encouraging Business to Expand Now by Lowering the Cost of Investment." Retrieved from: <https://home.treasury.gov/system/files/131/Report-Temporary-100percent-Expensing-2010.pdf> (Accessed March 21, 2023.)



CC: The Honorable Mike Crapo, Chair, Senate Committee on Finance  
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance  
The Honorable Jason Smith, Chair, House Committee on Ways and Means  
The Honorable Richard Neal, Ranking Member, House Committee on Ways and Means