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January 19, 2024

The Honorable Jason Smith
Chairman
Committee on Ways and Means
1102 Longworth HOB
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
1139 Longworth HOB
Washington, D.C. 20515

Dear Chairman Smith and Ranking Member Neal:

On behalf of the Associated General Contractors of America (AGC) – the leading construction association representing America’s top general contractors and specialty-contracting firms in every state – I write in support of H.R. 7024, the *Tax Relief for American Families and Workers Act*, scheduled for markup by the Committee on Ways and Means. This legislation includes a number of AGC priority tax provisions that would provide an immediate benefit to construction firms across the U.S.

AGC strongly supports repealing, or at least delaying through 2025, a provision from the *Tax Cuts and Jobs Act* that would force firms to amortize research and development costs over five years. This provision is complicated for construction firms to comply with because of specialized construction accounting rules and is harmful to cash flow. AGC is also supportive of reinstating full expensing (100 percent bonus depreciation) for new and used equipment, raising the information reporting threshold for independent contractors from \$600 to \$1000, and increasing Section 179 (or small business) expensing. These provisions would simplify tax compliance while improving cash flow for firms.

While AGC is supportive of these provisions, we have concerns about abruptly ending the Employee Retention Tax Credit (ERTC). AGC has long supported efforts to crack down on unscrupulous ERTC promoters and prevent fraud. However, when the IRS stopped issuing ERTC refunds in 2023, it created significant uncertainty. This legislation would provide firms with pending ERTC claims just *two weeks* to complete and file amended returns. Despite perceptions to the contrary, there remain some small businesses with legitimate ERTC eligibility that have yet to file an amended return because of specialized construction accounting rules, among other reasons. Failing to give these firms adequate time to prepare and file their amended returns will deny them tax relief to which they are entitled. AGC urges you, to the extent possible, to provide additional time for small businesses to submit their amended returns before ending the program.

On balance, however, the *Tax Relief for American Families and Workers Act* is a net positive for the construction industry, and we support its passage. Thank you for your work on this critical legislation.

Sincerely,

A handwritten signature in black ink that reads 'Jimmy Christianson'.

Jimmy Christianson
Vice President, Government Relations