



AGC
THE CONSTRUCTION
ASSOCIATION

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January 31, 2024

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

AGC KEY VOTE: VOTE “YES” ON H.R. 7024, THE TAX RELIEF FOR AMERICAN FAMILIES AND WORKERS ACT

Dear Speaker Johnson and Minority Leader Jeffries:

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 urge you to vote “YES” on H.R. 7024, the *Tax Relief for American Families and Workers Act*. This bill includes a number of priority tax provisions that would provide an immediate benefit to construction firms across the country. **As such, AGC will record this vote as a KEY VOTE for the education of its more than 27,000 members.**

AGC strongly supports repealing, or at least delaying through 2025, a provision from the *Tax Cuts and Jobs Act* (TCJA) that would force firms to amortize research and development costs over five years. Construction firms are under tremendous pressure to increase efficiency due to a chronic labor shortage, material supply shortages, and significant fluctuations in the price of building materials. As such, they are increasingly investing substantial resources into research and development.

The changes to Section 174 made by TCJA, however, mean that construction firms are being taxed on those investments, including staff salaries for design-build project activities, developing and improving pre-fabrication methods, and other ways to increase efficiency, performance, and reliability, and many other construction-related activities. Worse, because of complicated accounting rules that contractors must follow, this provision is forcing contractors to file years of additional, complicated tax returns. Delaying this provision through 2025 will ease tax compliance and improve cash flow for many construction firms.

AGC is also very supportive of the provisions in H.R. 7024 that would reinstate full expensing (100 percent bonus depreciation) for new and used equipment, raise the information reporting threshold for independent contractors from \$600 to \$1,000, and increase Section 179 (or small business) expensing. These provisions would simplify tax compliance while also improving cash flow.

AGC has some concerns about how prematurely ending the employee retention tax credit will affect some construction firms, but on balance the *Tax Relief for American Families and Workers Act* is a net positive for the industry, and we strongly urge you to vote “YES” on this bill.

Sincerely,

Jimmy Christianson
Vice President, Government Relations