

August 4, 2020

Dear Senators:

On behalf of the undersigned organizations, representing millions of taxpayers, consumers, and free market advocates across the country, we write urging you to cosponsor the Cost Recovery and Expensing Acceleration to Transform the Economy and Jumpstart Opportunities for Businesses and Startups (CREATE JOBS) Act from Sens. Ted Cruz (R-TX) and Martha McSally (R-AZ).¹ This legislation would accelerate America's economic recovery from the COVID-19 pandemic, and we hope it is included in any relief or recovery package passed by Congress in the near future.

Many of us have strongly and consistently supported the expansion and extension of full expensing provisions in the tax code. We cheered the Tax Cuts and Jobs Act's (TCJA) expansion of full and immediate expensing to certain short-lived assets, among other strong tax policies included in the landmark bill.

In the years since the passage of TCJA, though, we have warned that the phasing out of this pro-growth addition to the tax code, beginning in 2023, will hamper countless businesses around the country and slow economic growth. We have also warned that TCJA's mistreatment of research and development (R&D) costs starting in 2022 will make the U.S. less competitive globally.

The CREATE JOBS Act fixes these two issues, and takes the tax code in an even further pro-growth direction, by:

- Permanently extending the TCJA's full and immediate expensing provisions for short-lived assets;
- Permanently repealing the TCJA's mistreatment of R&D costs, allowing businesses to continue to fully and immediately expense R&D costs in 2022 and beyond; and
- Applying a neutral cost recovery to rental units and commercial structures, improving the tax code's treatment of expensing for structures in a significant way.

The Tax Foundation estimates the combined effects of these three provisions will be extraordinary: a four-percent increase in gross domestic product (GDP), a 10.1-percent increase in capital stock, a 3.4-percent increase in wages, and 802,000 new full-time equivalent jobs.² This is precisely the kind of economic boost the country needs at this moment.

We request that you cosponsor the CREATE JOBS Act and press for its inclusion in any future COVID-19 legislative package. Passing this legislation, either on its own or as part of a larger relief or recovery package, would ensure that America's economic recovery from COVID-19 is robust and rapid in the months and years ahead. We look forward to working with you to ensure this legislation reaches the President's desk.

Sincerely,



National
Taxpayers Union



60 Plus
Association



Association of
Mature American
Citizens Action



American Consumer
Institute



Americans for a
Balanced Budget



Americans for Tax
Reform

¹ U.S. Senator for Texas Ted Cruz. (July 30, 2020). "Sens. Cruz, McSally Introduce Bill to Enact Expensing Reform, Creating Jobs and Increasing Wages." Retrieved from: https://www.cruz.senate.gov/?p=press_release&id=5273 (Accessed July 31, 2020.)

² York, Erica. "Details and Analysis of The CREATE JOBS Act." Tax Foundation, July 30, 2020. Retrieved from: <https://taxfoundation.org/details-analysis-create-jobs-act/> (Accessed July 31, 2020.)



Center for a Free Economy



Center for Freedom and Prosperity



Center for Individual Freedom



Center for Innovation and Free Enterprise



Consumer Action for a Strong Economy



Club for Growth



Council for Citizens Against Government Waste



Digital Liberty



FreedomWorks



Heritage Action for America



Independent Women's Voice



Less Government



Secure America's Future Economy



Taxpayers Protection Alliance

CC: The Honorable Ted Cruz
The Honorable Martha McSally