Unleash the Potential of American Energy: PASS FULL EXPENSING

The commonsense tax policy will help usher in a new era for domestic production.

Producing more energy in America — rather than importing it from abroad — benefits our economy, environment and national security. It limits our dependence on unstable bad actors and ensures high production standards are met.

What makes this production – and its benefits – possible? A vast network of energy infrastructure, including pipelines, refineries, manufacturing facilities and more. And what makes building and updating this equipment possible? Full expensing: a tax provision that incentivizes capital expenditures.

Unfortunately, full expensing has begun to phase out and without action from Congress will soon expire altogether. **Congress can usher in a new era for American energy by making full expensing permanent.**

Full Expensing: A Commonsense Driver of Economic Growth

What is Full Expensing?

Full expensing is a vital pro-growth tax policy that allows businesses of all sizes to deduct the full value of expenditures they make on new equipment or infrastructure in the United States.

100 percent full expensing was allowed through 2022. Since then, the percentage of an expense taxpayers can deduct has decreased by 60%, and without action from Congress, the deduction will phaseout completely starting in 2027.

How Do Energy Companies Use Full Expensing?

They use full expensing to invest in new equipment and infrastructure that makes energy production more efficient and environmentally friendly.

How Will Making Full Expensing Permanent Boost Energy Production?

Making full expensing permanent could improve pipeline cash flows by \$1.6 billion between 2026-2030, an amount that could fund 600 to 800 miles of new, large-diameter pipelines or 1,400+ miles of smaller diameter pipelines built between 2026-2030, according to a recent analysis from Rystad Energy Advisory.[1]

Full Expensing in Action

Located in Old Ocean, Texas, the Phillips 66 Sweeny Refinery is a multi-train, complex refinery capable of producing both transportation fuels and petrochemical feedstocks. Initially built to support Allied fuel production World War II, Sweeny's refining capacity has grown in recent years, as new fractionation was added, to 314 thousand barrels per day.

Since 2018, Phillips 66 has invested more than \$1.5 billion in growth capital, an investment supported by Congress' passage of 2017 tax reform.

What Economists Are Saying

> Full expensing is one of the most, if not the most, pro-growth tax policy changes that lawmakers can make, because it's entirely targeted at new investment.

Erica York, Senior Economist and Research Director, Tax Foundation

1 https://www.nber.org/papers/w32672