

Make **FULL EXPENSING** Permanent to Ensure Long-Term Economic Growth

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.

Making full expensing permanent would **boost long-run GDP by 0.4 percent**. In contrast a temporary policy extension would have no long-term GDP effect, according to The Tax Foundation.¹

Congress can act now to make full expensing permanent and secure the long-term economic benefits that come with this policy.

Full expensing generates more investment per dollar of tax revenue than any other tax provisions included in the Tax Cuts and Jobs Act.

National Bureau of Economic Research (NBER), July 2024²

Permanence Gives Businesses Confidence to Invest

Companies plan significant investments years in advance. Permanent full expensing provides businesses the certainty they need to develop and execute investment projects — including 5G deployment, increased semiconductor manufacturing and enhanced pharmaceutical production — that benefit all Americans.

Encourages Capital Expenditures During Inflationary Periods

When inflation is high, it makes investing in new equipment and infrastructure more expensive and more difficult for companies to recover their costs. It's particularly important for small-to-medium-sized businesses that rely on external financing, typically at higher rates, to fund their capital expenditures.

What Economists Are Saying

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Things like accelerated depreciation tend to have pretty high bang for buck.



Eric Zwick,
Economics and Finance Professor,
University of Chicago

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Expensing levels the playing field among all the different ways a business becomes more productive. It also insulates you against inflation fears. Permanence makes expensing much more valuable because it is just timing after all. Without permanence, businesses face a lot of uncertainty. For small businesses, the cash flow aspect of expensing is incredibly important.



Douglas Holtz-Eakin,
Former CBO Director

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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

Full Expensing Provides Businesses with Certainty

Businesses need tax policies that enable long-term planning and provide them with the certainty that they will be able to recover the full value of their domestic investments unabated by inflationary conditions.

1 <https://taxfoundation.org/blog/permanent-bonus-depreciation-expensing-options/>

2 <https://www.nber.org/papers/w32672>