

ACEC

A PRO-GROWTH TAX AGENDA

Congress is currently considering legislation to extend the tax benefits of the 2017 Tax Cuts and Jobs Act (TCJA) that are scheduled to expire at the end of 2025. This includes the Section 199A 20% passthrough tax deduction and lower individual income tax rates, which are key policies for engineering firms organized as passthrough businesses, such as S corporations, partnerships, and LLCs. Other provisions, including the 21% corporate tax rate paid by firms organized as C corporations, are part of the debate.

KEY POINTS

TCJA has created jobs and industry growth and leveraged broader economic growth.

According to a recent ACEC study:



TCJA INCREASED REVENUES AND JOBS

TCJA increased revenues, which enabled engineering firms to create jobs and grow their businesses.



BROAD ECONOMIC RIPPLE EFFECTS

The economic benefits of extending TCJA go far beyond the engineering industry through its supply chain and income impacts, ultimately generating \$1.4 trillion in revenue for the U.S. economy in 2026, supporting 7 million jobs and \$454 billion in wages.



CONSEQUENCES OF FAILING TO EXTEND TCJA

Failing to extend TCJA would cost 39,400 industry jobs and reduce wages by \$4 billion in 2026 alone; 391,000 jobs would be lost over the 2026-29 period, resulting in \$14 billion less in wages.



INVESTMENT IN PEOPLE

82% of firms used the tax benefits of TCJA to invest in people through hiring, salary increases, and retention measures.



INVESTMENT IN TECHNOLOGY AND CAPITAL

Over half of firms invested in technology, R&D, and other capital expenditures.

REQUEST

1 Balanced Tax Treatment
Make the Section 199A deduction permanent and retain the 21% corporate tax rate.

2 Incentivizing Innovation
Restore full deductibility of R&D expenses.

3 Encouraging Employee Ownership
Support policies that encourage employee ownership, whether through an ESOP or other structures.

4 Workforce Recruitment & Retention
Extend Section 127, allowing employers to provide student loan repayment assistance to their employees tax-free.