

# THE NEW ENGLAND COUNCIL

January 22, 2024

Dear New England Delegation,

On behalf of The New England Council, I urge you support the Bipartisan Tax Relief for American Families and Workers Act of 2024. In particular, I would like to highlight two sections are specifically vital to members of the New England Council: the reversal of a harmful tax change which threatens jobs and innovation in New England addressed by the “Deduction for Research and Experimental Expenditures” provision and would restore the 12.5 percent housing tax credit allocation increase for 2023 – 2025.

## **1. Research and Development**

For years, businesses have been allowed to fully deduct their research and development (R&D) expenses each year because the tax code appreciated the importance of research and development. However, under a provision of the Tax Cuts and Jobs Act of 2017 that went into effect for the 2022 tax year, businesses must now amortize or deduct these expenses over a period of five years. This will ultimately make R&D more costly to conduct across New England and the U.S., which negatively impacting the region. New England is recognized as a global innovation hub and is home to industry-leading companies across an array of sectors including semiconductors, life sciences, renewable energy, biotechnology, and more—all of whom are significantly impacted by this change in the tax code. The New England Council believes firmly that the current R&D amortization requirement will halt and harm our region’s continued growth and leadership on the global stage.

As a result of the Tax Cuts and Jobs Act of 2017, the U.S. is now only **one of two** developed countries requiring the amortization of Research and Development expenses. Comparatively, our nation’s competitors, such as China, currently provide a “super deduction” for R&D expenses, which drastically increases the allowed amount deducted for companies who previously did not qualify. The amortization requirement makes it more expensive to conduct R&D in the U.S. and could result in such activities being relocated outside the country, impacting both our global competitiveness and national security.

## **2. Housing**

The shortage of affordable housing in New England is having a significant impact on the region’s economic wellbeing. Housing shortages are making it harder for our region’s employers to attract and retain talent, while also making the region less attractive to new businesses considering locating here. That is why we are very pleased that the Bipartisan Tax Relief for American Families and Workers Act of 2024 includes important provisions that impact the housing market. Restoring the 12.5 percent cap on low-income housing tax credits would allow states to allocate more of the credit to affordable housing projects. This allocation increase was initially enacted in 2018 but expired in 2021. The provision in this agreement would not extend the 12.5 percent retroactively for 2022, but would restore it retroactively for 2023 and keep the provision in place for the next two years. It is expected that this expansion would support the construction of more than 200,000 affordable homes across the country.

---

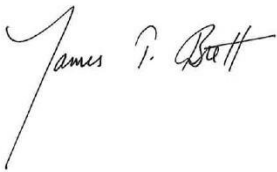
### **The New England Council**

98 North Washington Street, Suite 303 • Boston, Massachusetts 02114 • (617) 723-4009  
1411 K Street, NW, Suite 700 • Washington, DC 20005 • (202) 547-0048  
[www.newenglandcouncil.com](http://www.newenglandcouncil.com)

# THE NEW ENGLAND COUNCIL

In closing, The New England Council believes firmly that the Bipartisan Tax Relief for American Families and Workers Act of 2024 will have a tremendous impact on our region's economic wellbeing by encouraging continued investment in innovative research and development, while also helping to alleviate housing shortages. We respectfully urge you to vote in favor of this important legislation. If you or your staff have any questions or would like to discuss further, please feel free to contact Mariah Healy, our Director of Federal Affairs in Washington, DC, at [mhealy@newenglandcouncil.com](mailto:mhealy@newenglandcouncil.com) or Griffin Doherty, our Director of Federal Affairs in Boston, MA, at [gdoherly@newenglandcouncil.com](mailto:gdoherly@newenglandcouncil.com).

Sincerely,



James T. Brett  
President & CEO

---

**The New England Council**

98 North Washington Street, Suite 303 • Boston, Massachusetts 02114 • (617) 723-4009  
1411 K Street, NW, Suite 700 • Washington, DC 20005 • (202) 547-0048  
[www.newenglandcouncil.com](http://www.newenglandcouncil.com)