



## Tax Relief for American Families and Workers Act of 2024

### EXECUTIVE SUMMARY

The Tax Relief for American Families and Workers Act (H.R.7024) is a \$78 billion bipartisan tax package that retroactively extends several key business tax breaks and expands the Low-Income Housing Tax Credit (LIHTC) through 2025. The bill, which also enhances the Child Tax Credit for families, is financed by ending the Employee Retention Tax Credit and accelerating the deadline for filing backdated claims to January 31, 2024. The House passed this tax bill by a vote of 357-70 and it is now awaiting Senate action.

For housing, the tax deal provides a 12.5% boost in state allocations for LIHTC and lowers the Private Activity Bond (PAB) threshold test from 50% to 30% for properties financed with multifamily 4% LIHTC housing bonds issued before 2026. These key housing policies were modeled off the Affordable Housing Credit Improvement Act (H.R.3238/S.1557) and will build more than 200,000 new housing units nationwide over the next two years.

For businesses, the tax deal restores 100% bonus depreciation on the purchase of equipment (machinery, computers, trucks, etc.), allows depreciation and amortization to be used in the calculation of how debt can be deducted under Section 163(j), and reestablishes the option of immediate expensing for research and development (R&D) expenditures through 2025. The tax deal also permanently increases the expensing limits for the Section 179 deduction to \$1.29 million.

- **Strengthens the Low-Income Housing Tax Credit (LIHTC):** This bill increases LIHTC allocations by 12.5% through 2025 and lowers the Private Activity Bond threshold to access LIHTC from 50% to 30%, allowing states to allocate more credits for affordable housing projects.
- **Extends 100% Bonus Depreciation:** This bill allows businesses to claim 100% bonus depreciation for investments in machines, equipment and vehicles for tax years 2023, 2024 and 2025. From 2018 until 2022, businesses could claim 100% bonus depreciation for qualifying property. This rate decreased to 80% in 2023, and will drop to 60% in 2024, 40% in 2025, 20% in 2026, and 0% in 2027.
- **Restores EBIDTA for 30% Interest Deduction Limit:** In 2017, business interest deductions were limited to 30% of earnings before interest, taxes, depreciation, and amortization (EBITDA). Beginning in 2022, the limitation was tightened to 30% of earnings before interest and taxes (EBIT). This bill reinstates EBITDA as a basis for the 30% limit on interest deductions from 2022 through 2025.
- **Restores Immediate Expensing for Research and Development (R&D):** This bill reinstates the ability to immediately expense R&D expenditures from 2022 through 2025.
- **Expands Section 179 Expensing:** This bill permanently raises the dollar limits on the amount of investment that can be expensed to \$1.29 million.

### POLICY RECOMMENDATIONS

Extend tax relief for small businesses and expand tax credits to develop more affordable housing.

### REQUEST

NLBMDA is asking Congress to immediately pass the Tax Relief for American Families and Workers Act (H.R.7024).

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