

## **AEM KEY VOTE: Vote YES on H.R. 1, the Tax Cuts and Jobs Act**

*The Tax Cuts and Jobs Act will help lower rates for equipment manufacturing companies of all types, including small, family-owned manufacturers, and help raise wages, create jobs, strengthen communities and spur manufacturing growth across America.*

*AEM and its more than 950 member companies urge all members of Congress to vote YES on H.R. 1, the Tax Cuts and Jobs Act.*

**“House passage of the Tax Cuts and Jobs Act is an important step on the path toward achieving pro-growth, pro-manufacturing tax reform,”** said Dennis Slater, President of the Association of Equipment Manufacturers (AEM). **“Moving tax reform forward is essential if we are to create good-paying manufacturing jobs in America.”**

By voting Yes on the Tax Cuts and Jobs Act members of Congress have a rare opportunity to reform the broken tax code and offer relief to equipment manufacturers across the country.

The legislation contains numerous provisions that simplify the tax code, lower rates for all businesses, and create good-paying manufacturing jobs in America.

### **Business Provisions:**

- **Permanently reduced the corporate income tax rate to 20 percent effective immediately** – The current 35 percent federal rate is the highest in the developed world. Reducing this rate to 20 percent will tilt the playing field back in favor of manufacturers in the United States and will help grow the U.S. economy.
- **Enacts 100 percent, full business expensing for five years** – Section 179 small business expensing is increased from \$500,000 to \$5 million, and the phase-out is increased from \$2 million to \$10 million.
- **Reduces the business tax rate on pass-through entities from 44.6 percent to 25 percent** – This new rate would be applied based on one of two formulas designed to prevent wage income from being mischaracterized as business income.

- **Implements a partial cap on deductibility of net interest expense for corporations** – The cap will be applied when a corporation's net interest exceed 30 percent of earnings before interest, tax, depreciation and amortization (EBITDA).
- **Implements a modern, territorial system of taxation** so that American businesses operating overseas can compete.
- **Introduces a one-time repatriation rate of 14 percent for cash and 7 percent for non-cash**, payable over eight years. This allows an estimated \$2.6 trillion in after-tax income to come back to the U.S. to be reinvested in the economy. Ideally, the repatriation rate should be single digit rates. However, this reform will still allow trillions to come back into the U.S. economy.

AEM again urges all members of Congress to vote YES on H.R. 1.