RAIN

RESTORE AMERICAN INVESTMENT NOW

The U.S. cannot achieve its full economic growth potential until we restore the pro-growth EBITDA standard in Section 163(j).

THE PROBLEM

Beginning in the 2022 tax year, an unworkable limitation enacted as part of the Tax Cuts and Jobs Act made it far more costly–*even unaffordable*–for U.S. job creators to borrow the money they need to invest and grow.

The general limitation on interest deductibility was changed,	which makes it more expensive to borrow money,	which means fewer loans & less money to invest,	which means fewer projects & fewer good jobs
EBITDA *Earnings Before Interest, Tax, Depreciation, & Amortization* → EBIT *Earnings Before Interest & Tax*	Higher Cost to Finance	Less Money to Invest	Fewer Projects, Fewer Jobs

> The increase in the after-tax cost of capital is likely to reduce investment. **Lower capital investment reduces economic growth and average labor productivity.**
>
> pwc

Source: PWC Economic Analysis of an EBIT-Based Business Interest Limitation. June 2021

Particularly in an environment of elevated interest rates, we shouldn't make it harder for companies to raise capital, hire new workers, & grow- but the EBIT standard does just that.

THE IMPACT

Who is harmed most by the stricter EBIT standard? Capital-intensive industries that rely on financing to grow their businesses and make the long-term investments that power our economy and create jobs.

77% of the negative impact *of the EBIT standard is borne by the* **manufacturing, information, transportation, & mining sectors.**

According to January 2025 data from the U.S. Bureau of Labor Statistics, **these critical industries employ 23 million U.S. workers** *in good-paying jobs in communities of all types from coast to coast.*

The stricter EBIT standard also puts the U.S. at a global competitive disadvantage for attracting new investment.

Of 35 countries *with an earnings-based interest limitation, the* **U.S. is the only one using the stricter EBIT standard**, *creating a* **disadvantage in attracting new investment.**

With less favorable interest deductibility in the U.S., businesses may look overseas for their borrowing needs, which **weakens our capital markets and further hinders job growth.**

With the EBIT Standard left in place and EBITDA not restored,

COSTS TO THE U.S. ECONOMY:

JOBS:
-867,000

EMPLOYEE COMPENSATION:
-$58 Billion

GDP:
-$108 Billion

EY

Source: EY: Economic Impact of a Stricter 163(j) Interest Expense Limitation, September 2022

THE SOLUTION

Restoring the pro-growth EBITDA standard in Section 163(j) will ensure the U.S. can achieve its full economic potential by unleashing the funding that powers the investments that create jobs and drive growth.

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