



March 21, 2025

Congressman Jason Smith
Chairman
House Committee on Ways and Means
1011 Longworth House Office Building
Washington, DC 20515

Senator Mike Crapo
Chairman
Senate Committee on Finance
239 Dirksen Senate Office Building
Washington, DC 20510

Congressman Richard Neal
Ranking Member
House Committee on Ways and Means
372 Cannon House Office Building
Washington, DC 20515

Senator Ron Wyden
Ranking Member
Senate Committee on Finance
221 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Smith, Chairman Crapo, Ranking Member Neal, and Ranking Member Wyden:

The Security Industry Association (SIA) would like to express our strong support for congressional legislation to restore and extend certain provisions of the Tax Cuts and Jobs Act (TCJA) of 2017, Public Law 115-97.

SIA is a U.S. trade association representing more than 1,500 security solutions providers, ranging from large firms to locally owned and operated small businesses. Protecting our country, our citizens and our economy is the ultimate mission of the security industry, which contributes over \$430 billion to the economy and provides more than 2.1 million jobs in the United States. We advocate for policies that support the growth of tech-focused jobs in our industry and the effectiveness of our work to secure the future and ensure a safer world.

It's critical that Congress restore and extend three essential pro-growth business tax policies; the deduction for domestic research and development (R&D) expenses, 100% bonus depreciation, and a cap on deducting business interest expenses that are tied to earnings before interest, taxes, depreciation, and amortization (EBITDA). We also support proposals to maintain the TCJA tax rates for pass-through entities and expanded eligible uses for 529 plans to cover costs to obtain and maintain certifications and other credentials (the Freedom to Invest in Tomorrow's Workforce Act, H.R. 1151/S. 756).

- **Deduction for R&D Expenses;** prior to 2022, businesses were able to fully deduct the cost of new R&D in the year the expense occurred. The TCJA included an amendment to section 174 that requires businesses to amortize R&D expenditures over five years (15 years for foreign R&D) starting in 2022¹. Reporting by the Wall Street Journal indicates that the change to R&D deductions has had a detrimental effect on small and medium businesses across the United States that can't tap reserves or borrow easily to cover large up-front costs². SIA supports a full restoration of the R&D deduction to encourage research and innovation across the U.S. industrial base.

¹ 131 STAT. 2111 Public Law 115-97 SEC. 13206. Amortization of Research and Experimental Expenditures.

² https://www.wsj.com/articles/small-businesses-face-big-tax-bills-from-research-deduction-change-a189b113?st=gicvrm5ef79nytb&reflink=desktopwebshare_permalink

- **100% Bonus Depreciation;** the TCJA temporarily allowed 100% expensing for business property acquired and placed in service after September 27, 2017, and before January 1, 2023. The 100% allowance generally decreases by 20% per year in taxable years beginning after 2022, expiring on January 1, 2027³. A report done by the Tax Foundation in 2022 found that bonus depreciation policies boost capital investment and employment levels and may raise wages, further stating that making 100 percent bonus depreciation a permanent feature of the U.S. tax code is crucial in the effort to increase business investment and create better opportunities for workers⁴. SIA supports restoring and making permanent the 100% bonus depreciation from the TCJA in any tax package that passes through the 119th Congress.
- **Cap on EBITDA Deductions;** prior to January 1, 2022, businesses' interest expense deductions were limited by section 163(j) to 30% of their earnings before interest, tax, depreciation, and amortization (EBITDA). Interest deductions are now limited to 30% of earnings before interest and tax (EBIT). By excluding depreciation and amortization, the stricter EBIT standard makes it more expensive for capital-intensive companies to debt finance and grow their businesses. SIA supports restoring and extending the TCJA 163(j) limitation on business interest to include depreciation and amortization⁵.
- **Tax Rates for Pass-Through Entities;** the TCJA included a new Section 199A deduction that promotes parity between the tax burden on corporate and noncorporate profits by allowing individuals, estates, and trusts with pass-through business income to deduct up to 20% of their qualified business income (QBI) in determining their taxable income⁶. The CRS estimates that the number of 199A deduction claims rose from 18.7 million in 2018, when it was first available, to 25.7 million in 2022⁷, demonstrating that this is widely popular policy used by millions of American taxpayers, that has been growing in usage since its inception. This section expires on December 31, 2025. SIA supports extending this deduction as it continues to encourage increased investment by pass-through entities along with increased hiring and wage growth for an important sector of American business.
- **Expanded Eligible Uses for 529 Plans;** the Freedom to Invest in Tomorrow's Workforce Act (H.R. 1151/S. 756)⁸ is bipartisan, bicameral legislation introduced in the 119th Congress that would permit the use of 529 account funds to pay for post-secondary training programs. This will help more Americans obtain and retain well-paying jobs that don't require a traditional four-year degree. This labor sector is a critical component of the 2.1 million jobs that the security industry provides across the United States, and we strongly support the passage of these two bills or their inclusion in a congressional tax package, so that we can continue to invest in and grow the American workforce.

³ 131 STAT. 2105 Public Law 115-97 SEC. 13201. Temporary 100-Percent Expensing for Certain Business Assets

⁴ <https://taxfoundation.org/research/all/federal/permanent-100-percent-bonus-depreciation-effects/>

⁵ 131 STAT. 2120 Public Law 115-97 “(8) Adjusted Taxable Income. – For the purposes of this subsection, the term “adjusted taxable income” means the taxable income of the taxpayer (A) computed without regard to [...] (v) [...] any deduction allowable for depreciation, amortization, or depletion”

⁶ 26 U.S. Code § 199A - Qualified Business Income

⁷ <https://www.congress.gov/crs-product/IF12838>

⁸ <https://www.congress.gov/119/bills/hr1151/BILLS-119hr1151ih.pdf>, <https://www.congress.gov/bill/119th-congress/senate-bill/756>

These provisions are essential to U.S. security firms, including startups, that are leading the way in technical innovation, as well as helping businesses of all sizes expand their workforce and make investments in facilities and equipment that improve safety and security for their employees and patrons. We look forward to working with Congress to support the passage of tax legislation that includes these critical provisions. If you have any questions or would like any additional information from the Security Industry Association, please don't hesitate to contact us.

Respectfully,

A handwritten signature in black ink that reads "Don Erickson". The signature is fluid and cursive, with the first name "Don" and last name "Erickson" clearly legible.

Don Erickson
Chief Executive Officer
Security Industry Association
Silver Spring, MD
www.securityindustry.org

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