The National Restaurant Association Urges the Senate to Pass H.R. 7024
Tax Relief for American Families and Workers Act of 2024

What just happened: The Tax Relief for American Families and Workers Act has momentum coming into the Senate, following sweeping bipartisan votes in both the House tax committee (40 – 3) and on the floor (357 – 70). The Senate has an opportunity to push forward this legislation that supports restaurant and Main Street business growth.

What supports restaurant operators:

- **Restoring business interest deductibility** based on the earnings before interest, taxes, depreciation, and amortization (EBITDA) standard rather than earnings before interest and taxes (EBIT).
    - **Why it matters**: When restaurants renovate a dining room or expand to a new location, they use debt financing to ensure they have cash-on-hand for payroll, rent, and operating expenses.
    - This legislation restores the deductibility standard for 2022 – 2025, helping restaurant operators invest in the business and repay any loans.
    - **Cost of inaction**: Without restored deductibility, a restaurant's tax burden can rise by as much as 30%, freezing their ability to invest in improvements.

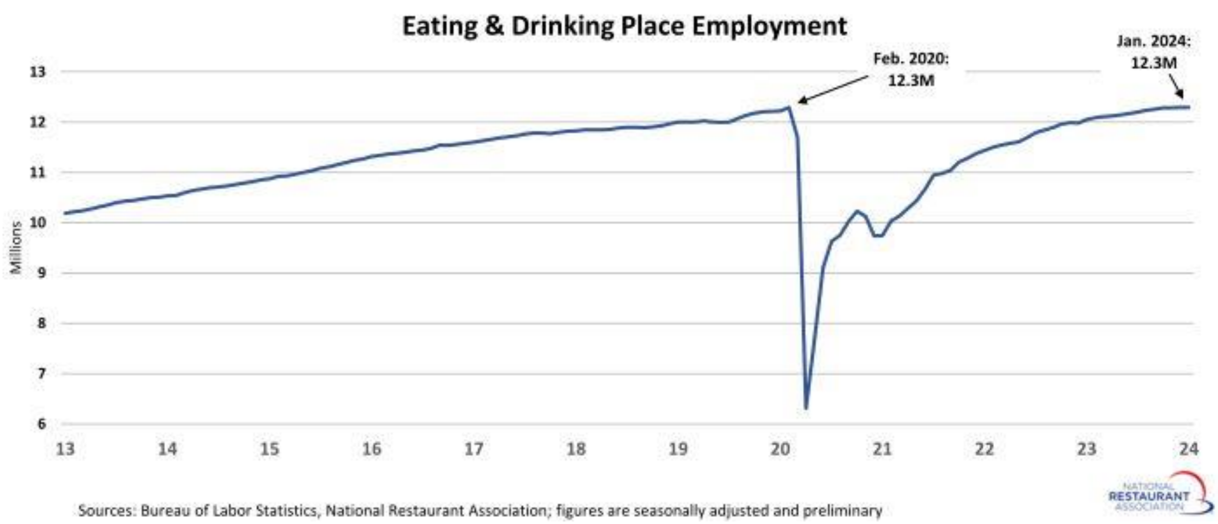
2) **Allowing 100% bonus depreciation** for equipment purchases like kitchen ovens, furnishings, a catering vehicle, and other capital assets that are common in restaurants.
    - **Why it matters**: This legislation reverses the phasedown of this deduction, which, starting in 2022, is currently on schedule to drop 20 percentage points each year until reaching 0% in 2027.
    - Restaurant operators rely on 100% bonus depreciation to immediately deduct the cost of new capital purchases, creating a pro-growth position for Main Street.
    - **Cost of inaction**: If bonus depreciation is "zeroed out," a restaurant would not see any upfront tax support when financing a new business purchase. This pushes a restaurant operator to either carry more debt or delay investments which could have made the restaurant more efficient, productive, and competitive.

Why support it? While the Senate may want to explore improvements to H.R. 7024, this legislation is the best way to deliver badly needed tax relief to Main Street businesses – including restaurants.

- High costs of borrowing due to interest rates, food price inflation, soaring credit card swipe fees, and the repayment of pandemic-era loans are all uniquely hitting restaurant operators.
- This legislation simply restores key provisions that help manage the cost of doing business – continuing sound policy rather than overhauling the tax code.

Child tax credit: The bill increases the amount of the child tax credit (CTC) for lower-income families with multiple children, creates an automatic inflation adjustment, expands refundability, and other changes.

- **Why it matters for restaurant operators**: In previous expansions of the CTC which took effect after the 2017 *Tax Cuts and Jobs Act* and in the 2021 *American Rescue Plan*, respectively, the restaurant industry did not experience a subsequent reduction in overall employment – on the contrary, the levels of employment increased rather than decreased.
- Of note, the restaurant industry is the second-largest private employer in the U.S.



Why pass this bill now? If the Senate does not advance this legislation, solving the challenges of expiring tax rates and measures in 2025 will become even more difficult. The 118th Congress has the chance now to set a baseline for pro-growth tax measures that will make the U.S. economy more competitive globally and to support local restaurant owners in small towns and big cities.