



March 18, 2025

The Honorable Mike Johnson
Speaker of the House
Washington, District of Columbia 20510

The Honorable Hakeem Jeffries
House Minority Leader
Washington, District of Columbia 20510

The Honorable John Thune
Majority Senate Leader
Washington, District of Columbia 20510

The Honorable Chuck Schumer
Senate Minority Leader
Washington, District of Columbia 20510

RE: American Entrepreneurs and Small Business Owners Support the Passage of the American Innovation and R&D Competitiveness Act of 2025 (H.R. 1990)

Dear Speaker Johnson, Majority Leader Thune, Minority Leader Jefferies, and Minority Leader Schumer,

As small business owners and entrepreneurs fueling America's innovation economy, we—the undersigned [X] companies—write to urge the immediate passage of the *American Innovation and R&D Competitiveness Act of 2025 (H.R. 1990)*. Restoring immediate full expensing of research and development (R&D) investments is critical to our ability to grow, innovate, and create jobs here in the United States.

Since 1954, U.S. businesses have relied on immediate deductibility of R&D expenses under Section 174 of the Internal Revenue Code. However, beginning in 2022, the budgetary changes introduced by the 2017 Tax Cuts and Jobs Act (TCJA) require businesses to amortize these expenses over five years. The shift has done short-term damage by significantly reducing cash flow at a time when access to capital is already limited. The long-term effects have also been profound, forcing many of us to make difficult decisions, delaying innovation, limiting hiring, and threatening our competitiveness in the global market. Many newer, smaller companies simply lack the cash flow to amortize hundreds of thousands of dollars in R&D expenses over five years. Early-stage, high-growth software firms—often not yet profitable—are hit the hardest. The shift to five-year amortization deepens near-term losses, making attracting investors and securing financing even harder. Small businesses are the backbone of U.S. tech innovation, and pro-business tax policies like tax deductions are critical to helping us stay competitive and adaptable in an ever-changing ecosystem.

Meanwhile, international competitors—particularly China—are expanding R&D tax incentives. If Congress does not act swiftly, the United States risks falling further behind. Restoring full expensing for R&D would allow small businesses like ours to reinvest in new products, expand operations, and drive economic growth and job creation.

This isn't just about tax policy—it's an innovation crisis. Small businesses are at a critical crossroads: risk falling behind or seize the opportunity to grow and lead. We urge Congress to swiftly pass the *American Innovation and R&D Competitiveness Act of 2025* and champion policies that empower small businesses, not hold them back.

Thank you for your leadership.