



Tax Relief for American Families and Workers

The Challenge

If HR 7024 is not enacted, architecture firms of all sizes will face significant tax increases, limiting innovation and growth.

The Ask

US House of Representatives:
Thank you for passing HR 7024. AIA urges representatives to extend the tax relief provisions set to expire in 2025.

US Senate:
AIA urges senators to pass HR 7024 expeditiously and to extend the tax relief provisions set to expire in 2025.

More Information

Alexander Cochran
alexandercochran@aia.org

Anne Law
annelaw@aia.org

Erin Waldron
erinwaldron@aia.org

BACKGROUND

There are over 19,000 small, medium, and large architecture firms throughout the US. These businesses employ more than 200,000 individuals. Architects have a professional responsibility to protect the health, safety, and welfare of the public. Investments in research and development are central to the day-to-day work of architects and drive local, regional, and national economies.

AIA supports business-friendly tax policies that encourage investment in research and development, incentivize private-sector affordable housing, and ensure tax parity between large and small businesses.

If Congress does not enact the [Tax Relief for American Families and Workers Act of 2024 \(HR 7024\)](#), architecture firms of all sizes will face undue restrictions on their ability to innovate, grow, and attract new talent.

KEY PROVISIONS SET TO EXPIRE IN 2025

Research & Development Tax Credit

The 2017 Tax Cuts and Jobs Act (TCJA) requires businesses to amortize R&D costs over 5 or 15 years for domestic and international expenses, respectively. Prior to 2022, these expenses were fully deducted in the year they were incurred. Amortization adversely impacts businesses by increasing costs, negatively impacting employee retention, and new job creation, and limiting future investment in research and development. AIA supports HR 7024 changes that allow tax deductions of R&D expenses in the year incurred.

Low-Income Housing Tax Credit

LIHTC is the largest provider of new affordable housing in the United States, with over 2 million total units created and more than 110,000 affordable rental units constructed annually since its establishment in 1986. Congress sets a limit on the amount of LIHTC that can be allocated to states based on a per-capita formula. HR 7024 restores the 12.5% increase over this base allocation for 2023-2025 and lowers the tax-exempt bond financing requirement. AIA supports these changes which will fund more affordable housing developments.

Pass-through Deduction

TCJA allowed “pass-through” entities, like S-Corps, partnerships, LLCs, and sole proprietorships, to deduct up to 20% of qualified business income in order to bring parity with reduced corporate income tax rates. TCJA also capped deductions for a “Specified Service Trade or Business” when income exceeds an indexed threshold. Extend the pass-through provisions of TCJA and ensure deductions remain uncapped to drive innovation and ensure architecture firms remain competitive.