



American Investment in Manufacturing (AIM) Act

Background: Prior to 2022, businesses could deduct 30 percent of its earnings before interest, tax, depreciation, and amortization (EBITDA). A new limitation that went into effect would limit the deduction to only EBIT. This change is an added cost to businesses already suffering from a sustained high-interest environment in the U.S. and could harm global competition. *The American Investment in Manufacturing (AIM) Act* would restore the deduction to EBITDA.

What is EBITDA?

- EBITDA stands for Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA)
- Depreciation is used for tangible assets such as buildings and equipment, while amortization is used for intangible assets such as patents and trademarks.

Why is EBITDA Important?

- Capital-intensive companies use debt financing for investments critical to our national and local economies.
- Eliminating depreciation and amortization (DA) makes it more difficult for certain companies to raise capital or obtain financing.

Who does reinstatement of Depreciation and Amortization help?

- **Business:** As represented by the more than 230 companies and associations supporting the reinstatement of EBITDA, the restriction will harm a wide range of industries including but not limited to American manufacturers, retailers, broadband providers, healthcare systems, and restaurants. Businesses affected by the change will on average see close to a threefold increase in their incremental tax obligations.¹
- **The U.S. Economy:** A recent study found that failing to reverse the shift to EBIT will cost the U.S. economy 467,000 jobs, \$23.4 billion in lost wages, and \$43.8 billion in GDP.²
- **U.S. Global Competitiveness:** The U.S. is now the only country who is a member of the Organization for Economic Cooperation and Development (OECD) who uses an EBIT-based limitation.

¹ AIC-163j-Report-Final-2021-05-27.pdf (americasinterest.com)

² New Study | Stricter Interest Expense Limits Costs Half Million Jobs | NAM