

October 12, 2011

The Honorable John Boehner  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Harry Reid  
Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Democratic Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Republican Leader  
U.S. Senate  
Washington, D.C. 20510

### **Urging Congress to Extend Bonus Depreciation and Small Business Expensing**

Dear Speaker Boehner, Majority Leader Reid, Republican Leader McConnell, and Democratic Leader Pelosi:

The undersigned organizations strongly support extending 100 percent bonus depreciation and the increased Internal Revenue Code Sec. 179 expensing levels.

Under the current bonus depreciation law, businesses of all sizes can write off 100 percent of the cost of new capital assets (e.g., machinery and equipment) purchased and placed in service in 2011. Additionally, under Sec. 179, small companies can expense used, as well as new, equipment purchases up to \$500,000, provided that total purchases this year do not exceed \$2 million. On January 1, 2012, the depreciation bonus will fall to 50 percent and the Sec. 179 expensing level will fall to \$125,000 with a \$500,000 phase out cap.

These historic capital investment incentives, which enjoy bipartisan support, have had a positive impact and incentivized business purchasing and job creation. However, due to continuing economic uncertainty and slow recovery in certain sectors (e.g., construction), many businesses have not been able to take advantage of these laws.

Congress should extend bonus depreciation and the increased Sec. 179 levels through at least January 1, 2013, to help create a favorable climate for businesses to invest in more productive capital assets. In addition, as it did in the Small Business Jobs Act enacted in 2010, Congress should include language in any depreciation bonus bill holding the tax incentive harmless from long-term accounting methods under IRC Sec. 460 (i.e., percentage of completion). Also, Congress should allow companies eligible for bonus depreciation to instead claim a portion of their unused Alternative Minimum Tax (AMT) credits. Congress

has previously enacted similar tax relief to allow the return of pre-paid taxes, which are what AMT credits represent. These enhancements will help ensure the greatest possible benefit to the most companies.

Thank you for your consideration.

Sincerely,

Aeronautical Repair Station Association  
Aerospace Industries Association  
Agricultural Retailers Association  
Air Conditioning Contractors of America  
American Concrete Pavement Association  
American Concrete Pressure Pipe Association  
American Concrete Pumping Association  
American Council of Engineering Companies  
American Dental Association  
American Forest & Paper Association  
American Gear Manufacturers Association  
American Institute for International Steel  
American Institute of Architects  
American Iron and Steel Institute  
American Machine Tool Distributors' Association  
American Rental Association  
American Road & Transportation Builders Association  
American Traffic Safety Services Association  
American Trucking Associations  
AMT-The Association for Manufacturing Technology  
Associated Equipment Distributors  
Associated General Contractors of America  
Association of Equipment Manufacturers  
Brick Industry Association  
Edison Electric Institute  
Far West Equipment Dealers Association  
Farm Equipment Manufacturers Association  
General Aviation Manufacturers Association  
Illinois Equipment Distributors  
Illinois Manufacturers' Association  
Independent Bakers Association  
Interlocking Concrete Pavement Institute

Iowa-Nebraska Equipment Dealers Association  
IPC — Association Connecting Electronics Industries®  
Juvenile Products Manufacturers Association  
Kentucky Crushed Stone Association, Inc.  
Kitchen Cabinet Manufacturers Association  
Mid-America Equipment Retailers Association  
Minnesota-South Dakota Equipment Dealers Association  
Montana Equipment Dealers Association  
NAHAD – The Association for Hose & Accessories Distribution  
National Asphalt Pavement Association  
National Association of Manufacturers  
National Electrical Contractors Association  
National Federation of Independent Business  
National Lumber and Building Material Dealers Association  
National Mining Association  
National Stone, Sand & Gravel Association  
National Tooling and Machining Association  
North American Equipment Dealers Association  
North Dakota Implement Dealers  
Northeast Equipment Dealers Association, Inc.  
NPES The Association for Suppliers of Printing, Publishing and Converting Technologies  
NUCA Representing Utility & Excavation Contractors  
Nuclear Energy Institute  
Ohio Equipment Distributors Association  
Ohio-Michigan Equipment Dealers Association  
Pacific Northwest Hardware & Implement Association  
Plumbing-Heating-Cooling Contractors--National Association  
Portland Cement Association  
Precision Machined Products Association  
Precision Metalforming Association  
Printing Industries of America  
SMMA-The Motor & Motion Association  
SouthEastern Equipment Dealers Association  
Specialty Equipment Market Association  
SPI: The Plastics Industry Trade Association  
Steel Manufacturers Association  
Telecommunications Industry Association  
Tennessee Chamber of Commerce & Industry  
Truck Renting and Leasing Association

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Page 4 of 4

Uni-Bell PVC Pipe Association

Valley Industrial Association

Water and Wastewater Equipment Manufacturers Association, Inc.

Western Business Roundtable

Window and Door Manufacturers Association

Wood Machinery Manufacturers of America