

February 12, 2015

The Honorable Pat Tiberi
U.S. House of Representatives
106 Cannon House Office Building
Washington, D.C. 20515

The Honorable Ron Kind
U.S. House of Representatives
1502 Longworth House Office Building
Washington, D.C. 20515

Dear Representatives Tiberi and Kind:

The undersigned organizations, representing millions of businesses from every state and from every industry sector, are writing in strong support of H.R. 636, the *America's Small Business Tax Relief Act of 2015*. This vital legislation would restore the small business expensing—sometimes called Section 179 expensing—level to \$500,000, including limited improvements to real property and permanently index the level to inflation.

Small business expensing allows business owners to immediately deduct the cost of a qualified investment in the year that it is purchased, rather than being forced to depreciate the cost of the investment over time. Since 2003, Congress has steadily increased the amount of investment that small businesses can expense from \$25,000 to \$500,000. Support for this expansion has been long-standing, bipartisan and widespread. Legislation expanding and/or extending small business expensing has been enacted nine times, across two Presidential Administrations and six Congresses, under both Democratic and Republican leadership. These higher expensing limits were temporary, however, and at the beginning of this year they again reverted to \$25,000 and will remain there unless Congress acts.

While expensing provides important relief to small business owners, it is not a “tax cut” or a “tax loophole.” Small business expensing simply gives companies the ability to recover the cost of investing in their own businesses more quickly than if they use depreciation. Expensing does not lead to a loss of revenue to the government over the lifetime of an investment—it is not a matter of *if* revenue is collected, but *when*. Additionally, small business expensing is available to *all* small businesses that purchase less than a specified amount of equipment each year.

Small business expensing gives business owners the ability to maximize investment in their companies during years when they have positive cash flow. This provides an incentive for small business owners to reinvest in their businesses, which fuels expansion, growth and jobs. This is particularly important for small businesses because they are more sensitive than larger firms to problems related to cash flow and are more reliant on earnings to finance new investment.

Additionally, small business expensing simplifies record-keeping and paperwork. Under standard depreciation, small business owners must keep records of, and file tax paperwork associated with, eligible investments for up to 39 years. According to a 2007 Internal Revenue Service (IRS) study, each small business devotes, on average, about 240 hours complying with the tax code, and spends over \$2,000 in tax compliance costs each year. An overwhelming share of the time burden is due to record-keeping. Furthermore, high tax compliance costs consistently rank as a top concern of small business owners, and act as a drag on investment, growth and innovation. Small business expensing, as the Joint Committee on Taxation (JCT) notes, reduces the compliance burden for many taxpayers, freeing up time and resources to better devote to their businesses.

The roller-coaster, ad-hoc changes in the level of small business expensing, which have often been enacted retroactively in recent years, has greatly contributed to uncertainty and prevented long-term planning. Making the higher small business expensing limits permanent and predictable would greatly reduce uncertainty and reduce the incidence of tax policy driving business decisions.

Passage of legislation permanently maintaining small business expensing at \$500,000 will increase investment and jobs, reduce complexity and paperwork and alleviate uncertainty. These are critical issues for small businesses, which continue to experience significant economic challenges. We thank you for introducing H.R. 636, the *America's Small Business Tax Relief Act of 2015* and urge all Members of Congress to support this important legislation.

Sincerely,

60 Plus Association
Academy of General Dentistry
Advanced Medical Technology Association's Emerging Growth Company Council
Aeronautical Repair Station Association
Agricultural Retailers Association
Air Conditioning Contractors of America
American Apparel & Footwear Association
American Association of Small Property Owners
American Composites Manufacturers Association
American Council of Engineering Companies
American Dental Association
American Farm Bureau Federation
American Foundry Society
American Loggers Council
American Moving & Storage Association
American Rental Association
American Road & Transportation Builders Association
American Sheep Industry Association
American Society of Travel Agents
American Subcontractors Association, Inc.
American Sugarbeet Growers Association
American Supply Association
American Truck Dealers
American Veterinary Medical Association
Americans for Tax Reform
AMT – The Association For Manufacturing Technology
Arizona Small Business Association
Associated Builders and Contractors
Associated Builders and Contractors - Greater Tennessee Chapter
Associated Builders and Contractors Florida East Coast Chapter
Associated Builders and Contractors, Rocky Mountain Chapter
Associated Equipment Distributors

Associated General Contractors
Associated Oregon Loggers, Inc.
Association of Equipment Manufacturers
Association of Pool & Spa Professionals
Association of the Wall and Ceiling Industry
Auto Care Association
Automotive Parts Remanufacturers Association (APRA)
Aviation Suppliers Association
California Farm Bureau Federation
Carolinas Food Industry Council
CCIM Institute
Chamber of Commerce Southern New Jersey
Clean Water Construction Coalition
Colorado Wyoming Petroleum Marketers Association
Construction Industry Round Table
Cotton Warehouse Association of America
Delaware Retail Council
Delaware State Chamber of Commerce
Equipment Leasing and Finance Association (ELFA)
Equipment Marketing & Distribution Association (EMDA)
Foodservice Equipment Distributors Association
Great Lakes Timber Professionals Association
Hearth, Patio & Barbecue Association
Heating, Air-Conditioning and Refrigeration Distributors International (HARDI)
Idaho Dairymen's Association
Image Apparel Institute
Independent Electrical Contractors
Indiana Chamber of Commerce
Indiana Manufacturers Association
Industrial Supply Association
Inland Pacific Chapter Associated Builders & Contractors
Institute of Real Estate Management
International Association of Plastics Distribution (IAPD)
International Cemetery, Cremation and Funeral Association
International Council of Shopping Centers
International Dairy Foods Association
International Foodservice Distributors Association
International Franchise Association
International Warehouse Logistics Association
Irrigation Association
ISSA—The Worldwide Cleaning Industry Association
Louisiana Logging Council
Maine Potato Board
Metals Service Center Institute

Michigan Association of Timbermen
Michigan Grocers Association
Missouri Forest Products Association
Modification and Replacement Parts Association
Montana Equipment Dealers Association
Montana Restaurant Association
Montana Retail Association
Montana Tire Dealers Association
NAHAD – The Association for Hose & Accessories Distribution
National All-Jersey
National Apartment Association
National Association of Chemical Distributors
National Association of Convenience Stores
National Association of Electrical Distributors
National Association of Home Builders
National Association of Manufacturers
National Association of REALTORS®
National Association of Shell Marketers
National Association of Sporting Goods Wholesalers
National Association of Wheat Growers
National Association of Wholesaler-Distributors
National Automobile Dealers Association
National Barley Growers Association
National Beer Wholesalers Association (NBWA)
National Cattlemen’s Beef Association
National Confectioners Association
National Corn Growers Association
National Cotton Council
National Council of Chain Restaurants
National Council of Farmer Cooperatives
National Electrical Manufacturers Representatives Association
National Fastener Distributors Association
National Federation of Independent Business
National Funeral Directors Association
National Golf Course Owners Association
National Grocers Association
National Lumber and Building Material Dealers Association
National Marine Distributors Association
National Milk Producers Federation
National Multifamily Housing Council
National Pork Producers Council
National Potato Council
National Propane Gas Association
National Restaurant Association

National Retail Federation
National Roofing Contractors Association
National Small Business Association
National Sorghum Producers
National Stone, Sand and Gravel Association
National Sunflower Association
National Tooling and Machining Association
National Utility Contractors Association (NUCA)
NATSO, Representing America's Truckstops and Travel Plazas
New Jersey Business & Industry Association
Non-Ferrous Founders' Society
North American Die Casting Association
North Carolina Retail Merchants Association
North Country Chamber of Commerce
North-American Association of Uniform Manufacturers & Distributors
Northern Arizona Loggers Association
Northern Plains Potato Growers Association
NPES The Association for Suppliers of Printing, Publishing and Converting Technologies
Pet Industry Distributors Association
Petroleum Marketers & Convenience Stores of Iowa
PMCI Trust
Precision Machined Products Association
Precision Metalforming Association
RINAlliance, Inc.®
Small Business & Entrepreneurship Council
Small Business Legislative Counsel
Society of American Florists
South Carolina Retail Association
South East Dairy Farmers Association
Southeast Milk, Inc.
Specialty Equipment Market Association
SPI: The Plastics Industry Trade Association
Tennessee Hospitality & Tourism Association
Textile Care Allied Trades Association
The Outdoor Power Equipment and Engine Service Association (OPEESA)
Tire Industry Association
Truck Renting and Leasing Association
U.S. Canola Association
U.S. Chamber of Commerce
United Egg Producers
United Producers, Inc.
US Dry Bean Council
USA Dry Pea & Lentil Council
USA Rice Federation

Utility & Transportation Contractors Association of New Jersey
Washington State Potato Commission
Western Equipment Dealers Association
Western Growers Association
Western United Dairymen
Wichita Independent Business Association
Wisconsin Grocers Association
Wisconsin Manufacturers & Commerce
Wisconsin Restaurant Association
Woodworking Machinery Industry Association

Cc: Hon. Paul Ryan

Hon. Sander Levin