

January 29, 2010

The Honorable Barack Obama
President
The White House
Washington, D.C. 20500

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Steny Hoyer
Majority Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable John Boehner
Minority Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

**URGING REINSTATEMENT OF THE DEPRECIATION BONUS AND INCREASED
SEC. 179 EXPENSING LEVELS TO PROMOTE ECONOMIC RECOVERY**

Dear President Obama, Speaker Pelosi, Majority Leaders Hoyer and Reid, and Minority Leaders Boehner and McConnell:

The undersigned 41 national organizations urge you to work in a bipartisan manner to reinstate the recently-expired business capital investment tax incentives through at least the end of 2010 to nurture the nation's economic recovery.

In an effort to encourage business purchasing in 2009, the American Recovery and Reinvestment Act (ARRA) extended the capital investment incentives of the 2008 Economic Stimulus Act (i.e., the 50 percent depreciation bonus and higher Internal Revenue Code Sec. 179 small business expensing levels). The depreciation bonus expired at the end of 2009 and the higher Sec. 179 levels only apply to the 2009 tax year.

The ARRA's capital investment incentives did have a positive impact on the economy and were an incentive for businesses that were able to make investments last year. However, the depression in capital-intensive sectors of the economy (e.g., construction and manufacturing), lack of access to credit, and general uncertainty about the nation's economic future combined to prevent many businesses from taking advantage of the law. As a result, the incentives did not have a chance to fully achieve their intended effect.

In the State of the Union address earlier this week, President Obama urged Congress to, "provide a tax incentive for all large businesses and all small businesses to invest in new plants and equipment."

Data released by the Bureau of Economic Analysis on Jan. 29 showed that business purchasing increased in the last two quarters of 2009 after a year and a half of decline. Bringing back accelerated depreciation and higher Sec. 179 expensing levels would help inoculate the economy against a backward slide in business capital investment in the months ahead and enhance the impact and benefits of other job creation legislation (e.g., infrastructure investment). Doing so would also encourage businesses to invest in newer, safer, more efficient, and more environmentally-friendly equipment, which will have additional societal benefits.

Urging Reinstatement of the Depreciation Bonus and Increased Sec. 179 Expensing Levels

January 29, 2010

Page 2 of 2

For all the foregoing reasons, we urge you to reinstate the depreciation bonus and increased Sec. 179 expensing levels for at least one year.

Thank you for your consideration of our comments.

Sincerely,

Aeronautical Repair Station Association
Air Conditioning Contractors of America
American Concrete Pipe Association
American Concrete Pressure Pipe Association
American Council of Engineering Companies
American Gas Association
American Machine Tool Distributors' Association
American Rental Association
American Road and Transportation Builders Association
American Society of Travel Agents
American Traffic Safety Services Association
Associated Equipment Distributors
Associated General Contractors of America
AMT-The Association for Manufacturing Technology
Association of Equipment Manufacturers
Edison Electric Institute
Farm Equipment Manufacturers Association
General Aviation Manufacturers Association
Interlocking Concrete Pavement Institute
National Asphalt Pavement Association
National Association of Chemical Distributors
National Association of Manufacturers
National Automobile Dealers Association
National Concrete Masonry Association
National Electrical Contractors Association
National Federation of Independent Business
National Lumber and Building Material Dealers Association
National Precast Concrete Association
National Ready Mixed Concrete Association
National Stone, Sand & Gravel Association
National Tooling & Machining Association
National Utility Contractors Association
North American Equipment Dealers Association
Portland Cement Association
Precision Machined Products Association
Precision Metalforming Association
Uni-Bell PVC Pipe Association
U.S. Chamber of Commerce
The Vinyl Institute
Water and Wastewater Equipment Manufacturers Association
Window and Door Manufacturers Association