

June 9, 2014

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. 4457, the *America's Small Business Tax Relief Act of 2014*. 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 eight times, across two Presidential Administrations and six Congresses, under both Democratic and Republican leadership. These higher expensing limits were temporary, however, and beginning in 2014 they 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 a challenging business climate in the face of a stagnant economic recovery. We thank you for introducing H.R. 4457, the *America's Small Business Tax Relief Act of 2014* and urge all Members of Congress to support this important legislation.

Sincerely,

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 Society of Travel Agents  
American Sugarbeet Growers Association  
American Supply Association  
American Truck Dealers  
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  
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  
Foodservice Equipment Distributors Association  
Great Lakes Timber Professionals Association  
Hearth, Patio & Barbecue Association  
Heating, Air-Conditioning and Refrigeration Distributors International (HARDI)  
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 Franchise Association  
International Warehouse Logistics Association  
Irrigation Association  
ISSA—The Worldwide Cleaning Industry Association  
Louisiana Logging Council  
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  
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 REALTORS®  
National Association of Shell Marketers  
National Association of Wheat Growers  
National Association of Wholesaler-Distributors  
National Automobile Dealers 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 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 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 Utility Contractors Association (NUCA)  
NATSO, Representing America's Truckstops and Travel Plazas  
New Jersey Business & Industry Association  
Non-Ferrous Founders' Society  
North Carolina Retail Merchants Association  
North Country Chamber of Commerce  
North-American Association of Uniform Manufacturers & Distributors  
Northern Arizona Loggers Association  
NPES The Association for Suppliers of Printing, Publishing and Converting Technologies  
NTEA – The Association for the Work Truck Industry  
Ohio Grocers Association  
Outdoor Power Equipment and Engine Service Association  
Pacific-West Fastener Association  
Pennsylvania Chamber of Business and Industry  
Petroleum Marketers & Convenience Stores of Iowa  
Petroleum Marketers and Convenience Store Association of Kansas  
Petroleum Marketers Association of America  
Plumbing-Heating-Cooling Contractors—National Association  
Printing Industries of America  
Professional Logging Contractors of Maine.  
S Corporation Association  
SC Timber Producers Association  
Selected Independent Funeral Homes  
Small Business & Entrepreneurship Council  
Small Business Legislative Counsel  
Society of American Florists  
South Carolina Retail Association  
SouthWestern Association  
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. Chamber of Commerce  
United Egg Producers  
United Producers, Inc.  
USA Rice Federation  
Utility & Transportation Contractors Association of New Jersey  
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. Dave Camp

Hon. Sander Levin