

December 2, 2009

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 EXTENSION 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 32 national organizations urge you to work in a bipartisan manner to extend the American Recovery & Reinvestment Act's (ARRA) business capital investment 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 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 expires at the end of 2009 and the higher Sec. 179 levels only apply to the 2009 tax year.

The ARRA's capital investment incentives have had some positive impact on the economy. The stimulus law has been an incentive for businesses that have been able to afford to make investments this 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 future of the economy have combined to prevent many businesses from taking advantage of the law and the incentives have not had the chance to fully achieve their intended effect.

The Bureau of Economic Analysis reported Nov. 24 that business purchasing, an important indicator of economic health, increased by 2.3 percent in the third quarter of 2009 after six consecutive quarters of decline. Extending the depreciation bonus and

higher Sec. 179 expensing levels would help inoculate the economy against a backward slide in business purchasing 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.

For all the foregoing reasons, we urge you to extend the ARRA's depreciation bonus and 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 Institute of Architects
American Machine Tool Distributors' Association
American Rental Association
American Road and Transportation Builders Association
American Society of Travel Agents
Associated Equipment Distributors
Associated General Contractors of America
Association of Equipment Manufacturers
AMT-The Association for Manufacturing Technology
Engineering and Utility Contractors Association
General Aviation Manufacturers Association
Interlocking Concrete Pavement Institute
National Asphalt Pavement Association
National Association of Chemical Distributors
National Association of Manufacturers
National Electrical Contractors Association
National Lumber and Building Material Dealers 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
U.S. Chamber of Commerce
Window and Door Manufacturers Association