

December 3, 2014

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

**CONSTRUCTION INDUSTRY URGES CONGRESS TO REINSTATE  
DEPRECIATION BONUS, INCREASED SEC. 179 EXPENSING**

Dear Speaker Boehner and Leaders Reid, Pelosi, and McConnell:

The undersigned organizations representing a broad cross section of the U.S. construction industry urge Congress to act swiftly to reinstate 50 percent bonus depreciation and higher Sec. 179 expensing levels.

Over the past several years, bonus depreciation has improved cash flow, encouraged the adoption of newer, more efficient technology, and created jobs by allowing companies to write off a significant portion of the cost of their new machinery. Similarly, higher Sec. 179 levels have helped small businesses grow and compete by expensing a greater portion of their new and used equipment purchases. However, on Jan. 1, 2014, the 50 percent depreciation bonus expired and Sec. 179 expensing levels fell from \$500,000 with a \$2 million phase-out cap to \$25,000 with a \$200,000 cap.

Over the past year, Congress has considered various ways to extend these important tax code provisions. Most significantly, the House has passed legislation to make bonus depreciation and higher Sec. 179 levels permanent. Members of both parties recognize the broad economic benefits associated with reinstating capital investment incentives. However, the clock is running out. Every day that Congress delays undermines the potential impact between now and the end of the year. With that in mind, we urge you to work together to quickly pass legislation extending the capital investment incentives (i.e., as part of a broader tax extenders package) as quickly as possible.

We also respectfully remind you that depreciation bonus and Sec. 179 are just one part of a larger economic equation. These capital investment incentives are just that: *incentives*; they are not alone *reasons* for businesses to make new purchases. For that to happen, business owners must be profitable and optimistic about the future. Unfortunately, the historic uncertainty surrounding the federal highway program has undermined confidence in the construction sector and made some firms reluctant to invest. To address this problem, Congress should make legislation restoring the Highway Trust Fund's fiscal

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stability *and* reinstating capital investment incentives for the long-term top priorities when the 114<sup>th</sup> Congress convenes in January.

Paired together, a highway bill, depreciation bonus, and higher Sec. 179 levels would be powerful medicine to bolster the construction, distribution, and manufacturing sectors and put the economy on track for years of prosperity.

Thank you for your consideration.

Sincerely,

American Concrete Pressure Pipe Association  
American Council of Engineering Companies  
American Rental Association  
American Road & Transportation Builders Association  
American Traffic Safety Services Association  
Associated Equipment Distributors  
Associated General Contractors of America  
Association of Equipment Manufacturers  
Distribution Contractors Association  
Energy Equipment & Infrastructure Alliance  
National Asphalt Pavement Association  
National Electrical Contractors Association  
National Ready Mixed Concrete Association  
National Stone, Sand & Gravel Association  
NUCA--Representing Utility & Excavation Contractors