

June 10, 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 represent the manufacturers, distributors, and contractors of the heating, ventilation, air conditioning, and refrigeration (HVACR) industry. We write in strong support of H.R. 4457, *America's Small Business Tax Relief Act of 2014*.

Your bipartisan legislation will benefit businesses of all sizes by permanently extending the Section 179 expensing allowances at the expanded levels that were in place from 2010-2013. Our member companies have taken advantage of the elevated expensing limits in past years to justify substantial investments that have allowed them to hire more workers, improve efficiencies, and expand their businesses. We appreciate that your legislation also removes the uncertainty caused by repeated short term extensions by making these changes permanent.

We believe the most significant change in *America's Small Business Tax Relief Act of 2014* is the inclusion of language striking the exemption of air conditioning or heating equipment from the qualified investments eligible for Section 179 expensing. This small modification will create tremendous energy savings opportunities for commercial building owners and small businesses across the nation.

According to the U.S. Energy Information Administration's 2003 Commercial Building Energy Consumption Survey, 57% of the energy consumed in commercial buildings is for HVACR related activities. Building owners today have little incentive to upgrade their HVACR systems since they must amortize the investment over 39 years and are not eligible for Section 179 expensing. Too often this forces building owners to repair and maintain older, inefficient equipment because the short-term costs are lower.

There is tremendous pent up demand in the commercial building marketplace for HVACR system replacement. The 2003 Commercial Building Energy Consumption Survey (the most recent available) found that the less than 20 percent of buildings constructed before 1980 currently have upgraded HVAC equipment.

Thanks to increased federal energy conservation standards and the efforts of HVACR equipment manufacturers, today's equipment uses less energy and is cheaper to operate on an annual basis than equipment purchased even ten years ago. These improvements translate to shorter payback periods and long-term cost savings, as well as lower emissions. In addition, older equipment contains previous generations of refrigeration chemicals that, if leaked into

the atmosphere, represent a much greater environmental risk than today's modern, efficient, more environmentally-friendly systems.

Your legislation could be a game changer in the effort to improve the energy efficiency of commercial buildings and spark a replacement boom in commercial HVACR equipment. We commend you for your leadership on this important initiative.

Our organizations wholeheartedly endorse H.R. 4457, the *America's Small Business Tax Relief Act of 2014*, and urge all Members of Congress to support this important legislation.

Air Conditioning Contractors of America
Air-Conditioning, Heating, and Refrigeration Institute
Heating, Air-conditioning and Refrigeration Distributors International
Mechanical Contractors Association of America
Plumbing-Heating-Cooling Contractors Association
Sheet Metal and Air Conditioning Contractors' National Association