



July 9, 2014

United States House of Representatives
Washington, D.C. 20515

Dear Representative:

On behalf of Associated Builders and Contractors (ABC), a national construction industry association representing nearly 21,000 members, I am writing to express support for legislation introduced by Rep. Pat Tiberi (R-OH) that would make permanent the additional first-year depreciation of qualified property. Bonus depreciation has been a vital provision since its resumption over five years ago, and enacting it permanently would serve to create jobs, increase wages, and grow the economy. ABC urges Representatives to support H.R. 4817 and lend needed certainty to anxious businesses owners.

In a capital-intensive industry such as construction, accelerated depreciation creates a tremendous incentive to invest in equipment that would otherwise be cost prohibitive amid the economic adversity of the past few years. The ability to write-off 50 percent of qualified purchases in the first year has been invaluable to many contractors, and adopting the policy into the underlying code would be a boon to capital investment and an important pro-growth signal to the broader business community. The Tax Foundation estimates that the permanent extension of bonus depreciation envisioned by H.R. 4718 would raise GDP by over 1 percent, increase capital investment by over 3 percent, and boost wages by roughly 1 percent while creating over 200,000 jobs. Conversely, allowing the deduction to expire as scheduled risks dampening already-tepid economic growth.

Sound tax policy is necessary not only for a growing economy, but also for a solvent federal budget. The perpetual, often retroactive extension of temporary tax relief is neither an economically effective nor fiscally prudent approach. Instead of annual “fixes,” Congress must determine which policies merit permanent extension, while allowing those provisions deemed unworthy to expire for good. To that end, we applaud the recent passage of permanent small business expensing and the R&D tax credit, respectively, on the strength of strong bipartisan House majorities. The Tiberi bill under consideration this week represents another meaningful step toward achieving tax stability for business, and we urge you to support H.R. 4718 when it comes to the floor.

Sincerely,

Geoffrey Burr
Vice President, Federal Affairs