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Thomas J. Gibson
President and CEO

May 29, 2014

The Honorable Pat Tiberi
Chairman, Select Revenue Measures Subcommittee
House Ways and Means Committee
106 Cannon HOB
Washington, DC 20515

Dear Chairman Tiberi:

On behalf of the U.S. producer member companies of the American Iron and Steel Institute (AISI), including integrated and electric furnace steelmakers, I write to share AISI's support for 50 percent bonus depreciation and the comparable corporate alternative minimum tax (AMT) credit in lieu of bonus depreciation and to thank you for your efforts in introducing H.R. 4718 that recognizes the important role these provisions play in the tax code.

An enhanced capital-cost recovery system has always been viewed by the steel industry as one of the most effective ways to spur real business investment and to make U.S. manufacturing more competitive. As such, we believe that a robust cost recovery system is integral to pro-growth tax reform. Expensing that allows companies to write off capital equipment in the tax year purchased lowers the cost of capital and increases the number of profitable projects a firm can undertake, helping to spur growth in business investment.

For capital intensive industries like steel, accelerated cost recovery is extremely important in making capital investment decisions as it directly impacts a company's cash flow. By providing a faster return on capital investment, bonus depreciation provides strong incentives, and in many cases actually makes it possible, to undertake new investments which require significant cash expenditures and take a number of years to yield a return.

As such, 50 percent bonus depreciation as well as the provision that allows companies that fall under the corporate AMT to claim unused AMT credits in lieu of bonus depreciation will spur increased business investment in new facilities and equipment, which are critical to economic growth and job creation.

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Again, we commend you for your support of these pro-growth, capital investment provisions in H.R. 4718 which we hope will be continued in some capacity in both the near and long term. Please do not hesitate to contact me if I can provide you with additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Gibson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Thomas J. Gibson
President and Chief Executive Officer