



November 4, 2015

The Honorable Paul Ryan
U.S. House of Representatives
1233 Longworth House Office Building
Washington, D.C. 20515

The Honorable Nancy Pelosi
U.S. House of Representatives
233 Cannon House Office Building
Washington, D.C. 20515

The Honorable Mitch McConnell
U.S. Senate
317 Russell Senate House Office Building
Washington, DC 20510

The Honorable Harry Reid
U.S. Senate
522 Hart Senate Office Building
Washington, D.C. 20510

Dear Speaker Ryan, Minority Leader Pelosi, Majority Leader McConnell and Minority Leader Reid:

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, I would ask that Congress finally restore and make permanent small business expensing, also known as Section 179 expensing. As you must know the present arrangement, which depends every year on Congress acting at the last possible moment, is neither predictable for the business owner nor beneficial for the economy. Indeed, it frustrates small business owners and discourages investment.

Since 2003, Congress has increased the amount that small businesses can expense from \$25,000 to \$500,000. Doing so makes marginally more sensible a tax code that is otherwise designed perfectly as an economic depressant. It offers real relief to small business owners for making capital improvements, purchasing equipment and upgrading technology.

Even that benefit is erased, however, by its temporary status. Businesses that can invest in themselves are forced every year to guess whether and when Congress will act. On the other side of those potential transactions, retailers and suppliers are sitting on dusty inventories. Everyone's waiting, buyers and sellers, for the peek-a-boo tax incentive to appear once more. Then the game starts anew.

This is no way to run an economy. Last year, for example, Congress waited until December to take up legislation extending small business expensing, retroactively, for only one year. The bill wasn't signed into law until December 19th, leaving small business owners with only 12 days to decide whether to make big financial investments.

Keep in mind that the law requires that equipment be purchased *and* placed in to service before the end of the year in order to qualify for small business expensing. Forklifts and combines are not eligible for Amazon Prime and two day delivery. Some equipment can take weeks or even months to order, and as a result many small businesses forfeited the benefited. Many no doubt cancelled their plans in the hope that 2015 would be different. Here we are again.

In January a bipartisan majority in the House passed legislation that would permanently extend small business expensing at \$500,000. According to our research, it would lead to nearly 200,000 additional jobs and \$18.6 billion in economic growth. Nevertheless it waits for action in the Senate

despite similarly strong bipartisan support and despite that the very same proposal has been publicly supported by the White House.

What's most confusing to our members is that permanent expensing seems to have no natural enemies in Washington. In fact, it's hard to find anyone who disagrees with the need to incentivize small business investment. A handful of members have expressed concern over the "cost," by which they mean the cost to the government. First, we disagree with the assumption that tax incentives to stimulate business would create a net loss in revenue. More business activity would generate more revenue. Secondly, government *is* the expense and taxes *are* the cost. Fussing over what's best for government misses the point altogether.

Finally, NFIB research has found every month for half a decade that while the "Great Recession" may have ended on Wall Street, the small business sector is only sputtering along. Our data finds that uncertainty – exactly this kind of uncertainty, brought on by Washington's meddling, on the one hand, and its aimlessness, on the other – hangs over small business like a dense fog. Even left-of-center economists worry about the long-term implications of a small business sector that's reluctant to take risks and create jobs.

We have already heard from hundreds of NFIB Members about this issue, and in the coming days we will hear from hundreds more. They'll want to know whether this is the year they can finally begin planning their investments more rationally. With only 60 days remaining until the end of the year, I hope that I can give them the assurances they deserve. I would therefore ask that Congress make it an urgent priority for the remainder of this year to extend small business expensing to \$500,000 and make it a permanent feature of the Tax Code.

Thank you and please know that NFIB is ready to assist you and your colleagues on this very important issue for America's small businesses.

Sincerely,



Amanda Austin
Vice President
Public Policy