



November 16, 2017

The Honorable Orrin Hatch
Chairman
Senate Committee on Finance
Washington, DC 20510

The Honorable Kevin Brady
Chairman
House Committee on Ways and Means
Washington, DC 20515

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
Washington, DC 20510

The Honorable Richard Neal
Ranking Member
House Committee on Ways and Means
Washington, DC 20515

Dear Chairman Hatch, Ranking Member Wyden, Chairman Brady and Ranking Member Neal:

We are writing to express our strong support for the expansion of business expensing under Section 179 of the tax code, which has been made a major priority in both House and Senate versions of the Tax Cuts and Jobs Act.

Expanded expensing is the most effective way of lowering the cost of capital investment in buildings, equipment and technology. This is critical to increasing the size of the U.S. economy by helping small and medium sized businesses reach their growth potential. While differing in certain details, both proposals generally increase the scope of Section 179 by adjusting the dollar limits and expanding categories of qualified expenses.

Specifically, we urge you to ensure that the final tax overhaul package allows businesses to expense the cost of building improvements in all the categories identified between the House and Senate proposals for Section 179 expansion - roofs, heating, ventilation and air-conditioning (HVAC), fire protection and alarm systems, and security systems.

Under current Internal Revenue Service (IRS) regulations, the cost of these improvements must be capitalized over the 39-year depreciation life for buildings, even though such systems need to be updated or replaced on a much more frequent basis. Expanding Section 179 to include these categories will help businesses make critical building improvements, become more energy efficient and enhance the safety of their patrons and employees, by making it more affordable to modernize and maintain their facilities.

Many of our member companies are small and medium sized businesses that would benefit directly by utilizing Section 179. Most importantly however, it would help spur additional growth and create new jobs in our industries by making products and services less costly to our customers in the commercial sector – which would no longer face a tax disincentive to make needed building improvements.

Thank you for your leadership on this important issue. Our associations and their members stand ready to work with you towards enactment of tax policies addressing the critical need for business expensing reform.

Sincerely,

Security Industry Association (SIA)
National Systems Contractors Association (NSCA)
Air-Conditioning, Heating, and Refrigeration Institute (AHRI)
Polyisocyanurate Insulation Manufacturers Association (PIMA)
Plumbing-Heating-Cooling Contractors—National Association (PHCC)
Heating, Air-conditioning & Refrigeration Distributors International (HARDI)

National Fire Sprinkler Association (NFSA)
Electronic Security Association (ESA)