

March 29, 2002

The Honorable Gordon Smith
United States Senate
Washington, DC 20510-6350

Dear Senator Smith:

My congratulations to you for your perseverance and determination in authoring S. 2023 with Senators Bond, Collins and Hutchinson. Your effort to expand the provisions of section 179 of the Internal Revenue Code has the strong support of the small business community. S. 2023 would increase the amount of qualifying property that a taxpayer can elect to expense during the tax year from \$24,000 to \$40,000 and would be very beneficial to small businesses. In addition, the threshold limit for phasing out the election is raised to \$325,000 thereby making the benefits of the provision available to a larger group of small businesses.

Your bill specifically helps small business by dramatically reducing the paperwork required to account for the capitalization of the purchased property. It also improves businesses' ability to retain and accumulate capital for growth. A number of the small business groups with whom we work strongly support the bill, particularly the delegates to the 1995 White House Conference on Small Business. Increased expensing was one of the top recommendations made by the 2,000 delegates to the Conference representing the 25,000 owners who participated nationwide.

The President has made jobs the centerpiece for his economic plan. Advocacy studies have shown that it is the small business community that leads the Nation out of recessions and creates 75 percent of net new jobs.¹ S. 2023 can help small businesses which, in turn, can help spur the economy by stimulating purchases and increasing productivity.

We look forward to continuing to work with you and other Senators to ensure that this bill and additional measures that benefit small businesses move to the Senate floor for consideration and passage. Whether the bill comes forward for consideration on its own or as part of a package the President supports, we think it gives small businesses the kind of simple, straight-forward assistance that would help them take the initiative to invest in their future.

¹ Office of Advocacy, U.S. Small Business Administration, from data provided by the U.S. Bureau of Census. The figure is based on net new jobs for businesses with fewer than 500 employees from 1990 to 1995.

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Thank you for your efforts on behalf of small businesses. Please feel free to call on me if I can be of assistance to you or the Committee.

Sincerely,

Thomas M. Sullivan
Chief Counsel for Advocacy