

Steve Brown, AB, CIPS, CRS, GREEN
2014 President

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Chief Executive Officer

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June 10, 2014

Dear Representative:

On behalf of the more than one million members of the NATIONAL ASSOCIATION OF REALTORS®, I am writing to encourage you to vote yes this week on H.R. 4457, America's Small Business Tax Relief Act of 2014. This timely legislation would restore permanently the amount of investment in business property that small enterprises may immediately write off – often known as Section 179 expensing – to \$500,000. The Act would also include certain limited improvements to real property in the higher threshold and permanently index it to inflation.

The ability of small businesses to immediately deduct the cost of qualified investment in the year purchased, rather than having to recover the cost through depreciation over several years, has been a key to the survival of many thousands of such firms over the past decade. Since 2003, Congress has steadily increased the annual expensing limit from \$25,000 to \$500,000, where the limit stood until December 31, 2013.

Unfortunately, the higher limit of this provision was only temporary and was allowed to expire at the end of last year. On New Year's Day 2014, the expensing limit plunged to a paltry \$25,000, and the incentive value of this benefit is now a mere shadow of its former self. Support for the higher limit is deep and wide, cutting across party lines and all regions of the nation.

For REALTORS® and their clients, this provision is doubly significant. First, included in the permanent increase of this legislation are three types of investment in real property – namely, qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property. Though limited in scope, the increased expensing afforded by the Act will incentivize the remodeling or rebuilding of many business properties in your district and throughout the nation, thus creating new jobs and increasing business activity in both the improved spaces and those surrounding them.

Second, the great majority of REALTORS® are small businesses themselves, and these higher expensing limits will encourage them to invest in new computers, automobiles, and other types of business equipment. This investment will have tremendous secondary effects as these new business purchases are magnified throughout the economy.

The passage of legislation that permanently restores the small business expensing threshold to \$500,000 will go a long way towards improving economic growth, as well as reducing the very real burdens of uncertainty and excess complexity that small enterprises face. Many thousands of your constituents will thank you for your support of this key legislation.

Sincerely,



Steve Brown
2014 President, National Association of REALTORS®

