



For Immediate Release  
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**Floor Statement of Senator Max Baucus (D-Mont.)  
Regarding Provisions to Stimulate Investment in the Small Business Jobs Bill**

Mr. President, the Senate once again has before it the small business jobs bill.

We have crafted this bill to help move the economy towards recovery. We have crafted this bill to create jobs. We have crafted this bill to strengthen capital investment.

Over the course of the Great Recession, small business capital investment has fallen dramatically. Since 2005, the percentage of small businesses that made a capital outlay in the previous six months fell by nearly 30 percent.

Capital investments are an integral part of getting the economy back on track. We need to make sure businesses — especially small businesses — have the opportunity to make these investments, so that they can improve and expand.

Our small business jobs bill includes two accelerated cost recovery provisions. These incentives would lower the cost of capital. And thus they would help businesses to make capital investments.

One accelerated cost recovery provision in this bill would increase the amount of capital investment that a business could expense under section 179 of the tax code. Section 179 is one of the most widely-used tax benefits available to small businesses.

This year, business owners may purchase and write off up to \$250,000 of equipment for use in their trade or business. This tax benefit phases out for expenditures between \$250,000 and \$800,000.

But in 2011, under current law, the \$250,000 threshold will decrease sharply to \$25,000. And the \$800,000 ceiling on the benefit will decrease to \$200,000.

The bill before us today would increase the thresholds to \$500,000 and \$2 million in 2010 and 2011.

Expensing is an important tool for small businesses because it is the most accelerated type of depreciation. With expensing, a business can deduct the complete cost of an asset such as equipment or software in the same year that the business buys the asset.

With expensing, businesses do not have to wait for years to recover these costs, as they do through traditional forms of depreciation. In this weak and uncertain economy, the ability to deduct the cost of assets in the same year provides an immediate benefit for the business.

These immediate benefits strengthen the investment practices of a business. And that strengthens the economy as a whole.

An increase in the thresholds for section 179 expensing effectively decreases the cost of newly-purchased equipment. And that makes it more economical for a business to invest.

These investments can help a business grow with relatively simple acquisitions. For example, a business could boost productivity by updating office technology.

This provision would also increase cash flow for businesses.

And businesses that invest in new equipment put money back into the larger economy with their purchases.

Take, for example, Brown's Automotive in Billings, Montana. Brown's Automotive specializes in transmission repairs. Those repairs require significant equipment investments, like lifts and scanners.

Business has been down lately, as few people are able to afford expensive transmission repairs these days.

When business is slow, purchases of heavy equipment can put a major strain on cash flow. But section 179 expensing and the 50 percent bonus depreciation extension in this bill make a huge difference for Brown's Automotive.

Brown's can now write off a portion of the cost of new equipment. And that helps them maintain their cash flow and encourages them to make further capital investments.

Because of provisions like section 179 expensing, Brown's has retained all 43 of its employees, despite the recession.

This bill also allows taxpayers to expense up to \$250,000 of certain real property within the newly expanded thresholds in 2010 and 2011.

Currently, taxpayers can expense only tangible personal property. Tangible personal property includes things like machines or equipment.

Expanding section 179 expensing to include some real property greatly increases the value of this provision to small businesses. This expansion means that a business could expense improvements to the property itself.

For example, a small business owner with a retail clothing store may expense improvements that were made inside the store, such as built-in cabinets to better stock clothing or lights to brighten the fitting rooms.

Allowing a retail store owner to expense these improvements immediately lowers the owner's cost. And ultimately this helps the retail store owner to run a better business.

This expansion also applies to qualified restaurant property and qualified leasehold improvement property.

A second accelerated cost recovery provision in this bill is bonus depreciation. Bonus depreciation also helps Brown's Automotive and many other small businesses.

This bill would extend bonus depreciation through the end of this year. This important provision would quickly spark investment, increase cash flow, and help to create jobs.

Bonus depreciation especially helps businesses that need to make large capital expenditures but that may not be able to take advantage of the accelerated depreciation under section 179 expensing.

Under current law, businesses are allowed to recover the cost of capital expenditures over time. As a result of the Great Recession, Congress temporarily allowed businesses to recover the costs of certain capital expenditures more quickly by increasing the write-off to 50 percent of the cost of the property placed in service in 2008 and 2009.

This bill would extend the additional depreciation to property placed in service in 2010.

This additional depreciation makes property more affordable. The business can use the savings that it receives to reinvest in the business and to hire new employees.

This provision benefits immediate investments that can strengthen the economy now. We do not have to wait to see the benefits of this important provision.

Bonus depreciation also helps the business that sells the equipment. It helps manufacturers and suppliers retain and hire employees as their businesses rebound. The more purchases that are made, the more other businesses are helped. This double-benefit makes bonus depreciation a cost-effective way to strengthen business investment.

Mr. President, section 179 expensing and bonus depreciation encourage investment and create jobs. With this bill, we can help put the American economy back on track.

This bill would provide continued support to our small businesses on the path to economic recovery. The bill increases access to much needed capital, encourages entrepreneurship and promotes equity. And the small business jobs bill includes incentives to strengthen capital investment.

I urge my colleagues to support the small business jobs bill.

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