

DIRECT EXPENSING INCREASE

CQC Position:

The Campaign for Quality Construction supports increased direct expensing limits as a way to encourage the growth and continued success of our contractors.

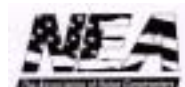
Issue:

Almost all communities look for expanded economic growth. Construction contractors generally have highly capitalized businesses, many with expensive high-tech equipment. If allowed to expense their investments on an accelerated basis, it would provide the incentive to purchase new equipment, which would ripple through the entire economy as well as improve productivity. In the past, direct expensing limits have not kept up with inflation. However, during the past few years, Congress has allowed for higher limits. Current increases are set to expire in 2007.

Status: *Current accelerated expensing expires in 2007. H.R.1388, sponsored by Rep. Wally Herger (R-2-CA) would increase maximum amount which may be directly expensed to \$100,000 and modify phase-out threshold to \$400,000.*

Facts:

- By allowing businesses to expense more of the cost of new business equipment (including computer software) these businesses are encouraged to grow and improve.
- Incentives now set to expire in 2007 need to be made permanent so that businesses can continue to enjoy the complete benefit of direct expensing.
- Direct expensing enjoys strong bipartisan support and is not overly expensive to implement.



For more information, please visit www.constructionalliance.org.