



February 1, 2024

United States Senate
Washington, DC 20510

Re: Support H.R. 7024 / Extension of R&D, Bonus Depreciation and 179 Expensing Reform

Dear Senator:

The Sheet Metal and Air Conditioning Contractors' National Association (SMACNA) is supported by more than 3,500 construction firms engaged in industrial, commercial, residential, architectural and specialty sheet metal and air conditioning construction in both the public and private sectors throughout the United States. **On behalf of our membership, I express our strongest support for expedited Senate passage of H.R. 7024, the Tax Relief for America's Families and Workers Act, a bill extending and reforming the R&D credit, bonus depreciation and equipment expensing, as passed by the House (357-70) January 31st.**

The nation is seeing robust and record setting growth of construction activity following the enactment of major policy changes, especially the Infrastructure Act, CHIPS and Science Act and the Inflation Reduction Act's private sector tax incentives. These laws have boosted the development of countless new projects for CHIPS plants, energy efficiency and manufacturing industrial facilities in the last two years with more mega projects bidding now. Therefore, we need your support for renewing and extending the R & D credits, 100% bonus depreciation and 179 equipment expensing reform. Due to the rapid expansion of the mega projects, **our contractors have seen an historic demand to purchase extremely expensive but highly productive new equipment to meet extraordinary project demands.**

SMACNA has shared with Congress and federal policy leaders for more than a half decade that our members utilize and have the strongest support for three essential tax incentive provisions:

- **Retroactive Extension of the 100% Bonus Depreciation** – Would restore the 100% bonus depreciation for qualified property, instead of the current 20% annual phase down that went into effect on January 1, 2023.
- **Retroactive Extension and Permanence for 174 Research and Development Expenditures** - Would allow companies to immediately deduct R&D expenses instead of amortizing over five years.
- **Expand Section 179 expensing and interest deductibility for small businesses**—Would increase the maximum eligible amount of equipment investment and extend the point at which the benefit phases out.



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At a time when our firms are working on and bidding the largest projects in the nation, we face severe operational challenges due to the lapse of these three key provisions in the tax code. **SMACNA urges your support for H.R. 7024, especially the extension of the 174 R&D credit, bonus depreciation and 179 equipment expensing reforms.** Thank you for your past support of these critical tax incentives, of vital importance to the nation's building and construction industry today and in the future. We urge that you expedite consideration of H.R. 7024 as passed by the House with overwhelming bipartisan support.

Sincerely,

A handwritten signature in black ink that reads "Stanley E. Kolbe, Jr." in a cursive style.

Stanley E. Kolbe, Jr.
Executive Director, Government and Political Affairs
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