



October 15, 2024

Rep. Lloyd Smucker

Chair, Main Street Tax Team
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Vern Buchanan

Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Adrian Smith

Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Greg Steube

Vice Chair, Main Street Tax Team
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Jodey Arrington

Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Rep. Beth Van Duyne

Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Rep. Smucker and Members of the Main Street Tax Team,

The American Building Materials Alliance (ABMA) is pleased to share our thoughts on national tax policy affecting Main Street businesses that populate most of our country's lumber and building materials sector. ABMA is the national advocacy organization for small and medium-sized family-owned lumber and building material dealers that are economic fixtures on Main Streets in communities across the country.

For businesses in our sector, the ability to write off 100 percent of the value of an asset in the year in which that asset is purchased has been critical. While ABMA companies are relatively smaller in scale, we nonetheless incur considerable capital expenditures on equipment to run our daily operations. Our members regularly invest in new forklifts, trucks, and other equipment to move building materials into and around their facilities and ultimately to the construction job site. For over two decades, the tax code has allowed for some form of first-year expensing known as bonus depreciation, a tax incentive that allows a business to immediately deduct a large percentage of the purchase price of eligible assets, such as machinery, rather than write them off over the "useful life" of that asset. Since 2017, businesses have been able to deduct 100% of depreciation upfront on their federal income tax return. Known as full expensing, this accelerated depreciation method has allowed our member companies to continue to invest in their businesses, despite challenging economic conditions over the last few years.

These deductions give small businesses that wouldn't otherwise have the ability to invest like their larger counterparts a chance to do so. Full expensing allows them to reinvest profits into growth, employee development, and future business expansion, all of which are essential in order to compete in the marketplace. It levels the playing field, ensuring that smaller operations can afford the tools and resources necessary for efficient operations, fostering local employment, and contributing to community economic health.

Additionally, the retroactive nature of bonus depreciation is critical for our industry because many of the larger capital purchases, such as boom trucks or specialized equipment, require long lead times. Ordering these vehicles and equipment can take more than a year for delivery after placing an order.



Without certainty in the tax code, small businesses face difficulties in planning and budgeting for these large investments. By extending full expensing retroactively, businesses can make these important capital purchases with confidence, knowing they will receive the full tax benefits when the equipment arrives.

As you well know, this critical benefit began to phase down beginning in 2023 and took another haircut at the beginning of 2024. Without Congressional action, this benefit will completely phase out in 2027. In a development we fully supported, the House passed H.R. 7024 earlier this year. That bill retroactively extends this benefit and others through 2025. ABMA respectfully requests that enacting legislation similar to H.R. 7024 be a top priority for legislative action early next year.

One other expiring tax benefit on which we are keenly focused is the Sec. 199A deduction for S-Corporations and other pass-through tax structures. This is the provision in the TCJA that sought to level the playing field in the tax code between small and medium-sized businesses and larger C-Corporations. The 20 percent deduction in Sec. 199A for pass-throughs is a lifeline for the LBM sector as many lumber dealers are organized as S-Corporations. This deduction directly impacts their ability to reinvest in their businesses, supporting operations, payroll, and local community initiatives. Under TCJA, this 20 percent deduction is slated to expire at the end of next year. Again, we implore you to work with your colleagues, on and off the committee, to forge a tax bill next year that will maintain these two critical tax benefits for Main Street businesses.

Thank you for your consideration, and we look forward to working with you on this important effort in the 119th Congress.

Sincerely,

Francis Palasieski

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Director of Government Affairs

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About ABMA: The American Building Materials Alliance (ABMA), established in August 2021, is a committee of unified voices advocating on behalf of the lumber and building materials (LBM) industry at the federal level. ABMA currently represents LBM dealers and associated businesses in Alabama, Connecticut, Delaware, Georgia, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, Oklahoma, Pennsylvania, Rhode Island, Vermont, and Washington, D.C. The mission of the ABMA is to advance, shape, and influence policy in all branches of government. We work directly with members of Congress, the White House, and federal agencies to impact the legislative and regulatory process as it affects the LBM industry. ABMA is powered by the Northeastern Retail Lumber Association (NRLA) and Construction Suppliers Association (CSA).

For more information, please contact ABMA Director of Government Affairs, Francis Palasieski, at fpalasieski@abmalliance.org or call 518-880-6376.



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