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# United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

September 19, 2001

The Honorable Max Baucus  
Chairman  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Mr. Chairman:

Your remarks at last week's Finance Committee hearing concerning the potential economic benefits of adjusting the depreciation rules were welcome news to the nation's small businesses. In light of heinous terrorist attack last Tuesday, steps to stimulate the nation's economy are needed now more than ever.

Throughout this Congress I have argued that accelerating the depreciation period for computers and software would have a significant benefit for small businesses, the computer industry, and the economy itself. By reducing the recovery period for computer equipment, we will encourage small businesses to make new technological investments with the freed-up capital. Such investments will benefit small enterprises and, in turn, stimulate the sagging technology industry. In addition, new computer equipment will contribute to continued productivity growth in the business community, which Federal Reserve Chairman Alan Greenspan has stressed is essential to the long-term vitality of our economy.

Finally, shortening the recovery period for computer equipment from the current five-year period will add some common sense to the tax law. Since most computers have outlived their usefulness after two to three years, let alone five years, too many businesses are left to depreciate this property long after it has become obsolete.

Earlier this year, I introduced the Small Business Works Act of 2001 (S. 189). Section 203 of my bill addresses the depreciation issue by modifying the outdated tax rules to permit taxpayers to depreciate computer equipment and software over a two-year period.

Since then I have continued to receive grim reports from small business representatives about the economic outlook from their vantage point. These reports underscore the critical need for swift action to stimulate the economy and to bolster the health of the small business community, which contributes so greatly to the economic success of this country.

As you and the Finance Committee evaluate steps that can be taken to address our current economic situation, I urge you to give careful consideration to accelerating the depreciation

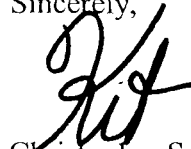
The Honorable Max Baucus

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period of computers and software. I would welcome the opportunity to work with you on this important issue.

Thank you for your consideration. If you have any questions or need additional information, please do not hesitate to call me or have your staff contact Mark Warren, my Tax Counsel on the Small Business Committee, at 202/224-

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond  
Ranking Member

cc: The Honorable Charles E. Grassley  
Ranking Member