

November 11, 2017

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230 The Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
S-221 The Capitol
Washington, DC 20510

The Honorable Orrin Hatch
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Leader McConnell, Minority Leader Schumer, Chairman Hatch, and Ranking Member Wyden,

As users of like-kind exchanges for personal property, we are writing in regard to the Chairman's Mark of the "Tax Cuts and Jobs Act" that limits the use of LKEs to real property.

We fully support the goals of tax reform to grow the economy, create jobs and make U.S. businesses more competitive. We believe that the ability to use LKEs for personal property is consistent with these goals, and our strong preference is that the repeal of LKEs for personal property be removed from the Chairman's Mark.

While full expensing for five years would mitigate the impact of repeal of LKEs for new personal property, the temporary nature of full expensing and the Mark's requirement that in order to qualify the original use of the property must commence with the taxpayer are serious concerns. *Personal property users of LKEs would be giving up a benefit that is permanently in the tax code and that applies both to new and used property in exchange for one that is temporarily in the code and applies only to new property.* Comments from Members have suggested there is a desire that full expensing would become permanent policy. Even if full expensing were extended and included used property, such extensions historically are postponed until the end of the next year after they expire. Business owners need certainty to plan, and the temporary nature of full expensing would impact our decisions to make purchases and investments in our businesses. This would have a negative ripple effect with OEMs, suppliers and throughout the economy as a whole, resulting in a drag on the economy that is contrary to the goals of tax reform.

If LKEs for personal property are not reinstated, we suggest the following that would address our concerns:

- Allow used property to qualify for full expensing, and
- Retain LKEs for personal property in Section 1031, but include in full expensing a provision prohibiting the use of LKEs if an item qualifies for full expensing. If full expensing expires, LKEs would be in place for immediate use, or

- Revise full expensing to provide for reinstatement of LKEs for personal property immediately upon expiration of full expensing.

Thank you for your consideration of this matter. Please contact Mary Baker at (202) 778-9223 or mary.baker@klgates.com with any questions or to discuss further.

Sincerely,

Avis Budget Group, Inc.
American Car Rental Association
American Truck Dealers
Associated Equipment Distributors
C.R. England
Equipment Leasing and Finance Association
National Business Aviation Association
National Stone, Sand and Gravel Association
Precious Metals Association of North America
The Hertz Corporation