



# Committee On Finance

Max Baucus, Ranking Member

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Contact: Melissa Mueller/Wendy Carey  
202-224-4515

## Statement of U.S. Senator Max Baucus

**United States Senate Finance Subcommittee on Long-term Growth and Debt Reduction  
Hearing: "Updating Depreciable Lives: Is there Salvage Value in the Current System?"**

(WASHINGTON, D.C.) U.S. Senator Max Baucus submitted the following statement for the record at today's United States Senate Finance Subcommittee on Long-Term Growth and Debt Reduction's hearing titled "Updating Depreciable Lives: Is there Salvage Value in the Current System?".

The statement follows:

Mr. Chairman, and Senator Kerry, thank you so much for calling this hearing today to discuss a complex but important issue. Since 1988, we have frozen in time Treasury's authority to revise class lives for business assets. While technology has marched forward, we are using a system devised at a time when fax machines were still considered too expensive to be standard business equipment. In 1988, only one in five adults used the Internet and only 14% of households had computers. And yet since then, little research or work has been done to update our asset classes.

We will hear today from a variety of witnesses that the system needs to be reinvigorated. Businesses are often unsure of how to depreciate assets which did not exist in 1988 or have been substantially improved since then. One of the hot movies of 1988 was "Die Hard;" the original, that is. "Die Hard" could also be an apt title for this two-decade old classification system.

We will hear today from our witnesses that a flexible and up-to-date system for cost recovery is greatly needed. I look forward to working with you, Mr. Chairman and Senator Kerry, on legislation to get Treasury back into the process of analyzing and classifying assets for cost recovery. It is time for us to put away those acid-washed jeans and Depeche Mode albums and bring out our blackberry phones and iPods. It is time for American business to have a 21<sup>st</sup> century cost recovery system.

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