

From: Zafar, Marzia
Sent: 4/27/2011 6:31:29 AM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);
Brown, Lindsay M. (lindsay.brown@cpuc.ca.gov)
Cc: Hughes, John (Reg Rel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=J8HS)
Bcc:
Subject: RE: Comr Sandoval and the Pres Obama tax stimulus

Hi Brian,

actually, the capital investments under this bonus depreciation is for 20 years or less which means it most certainly is for small businesses as well as large. I'm looking over SCE's power point on this issue and it says 20 years or less, so now I also checked it on google.

thanks,
marzia

From: Cherry, Brian K [mailto:BKC7@pge.com]
Sent: Tue 4/26/2011 4:17 PM
To: Zafar, Marzia; Brown, Lindsay M.
Cc: Hughes, John (Reg Rel)
Subject: FW: Comr Sandoval and the Pres Obama tax stimulus

Marzia and Lindsay - with regards to bonus depreciation, I wanted to point out that in our initial set of talking points on the then-Water Resolution (appended above, excerpted below) pointed out that bonus depreciation is really for large businesses that intend to spend more than \$2 million in capital. Smaller businesses get tax benefits from other parts of the Obama Act. Bonus depreciation was not designed to appeal to small businesses at all. I hope this clarifies things.

- **Overview Of The New Tax Law.** The New Tax Law contained numerous provisions intended to provide tax breaks to all segments of the economy:
 - Middle-income earners benefit from a payroll-tax holiday
 - Lower-income earners benefit from continued expanded availability of child credit and other breaks
 - Higher-income earners benefit from lowered estate tax rate
 - Small businesses benefit from increased "Section 179 expensing" and other tax breaks^[1]
 - Bonus depreciation is primarily useful to very large businesses spending more than \$2 million on new capital equipment in 2011 and, to a lesser extent, in 2012.^[2] Small businesses are less likely to benefit from bonus depreciation because they can already write off 100% of equipment costs up

to \$500,000 (previously, \$250,000).^[3]

[1] Wall Street Journal, "Congress Passes Tax Deal" (12/17/10) - <http://online.wsj.com/article/SB10001424052748703395204576023772342189318.html>

[2] Section 179.org, "Section 179 FAQ's" - http://www.section179.org/section_179_faqs.html

[3] Wall Street Journal, "Small-Business' Bill Holds Plenty for Big Firms" (7/28/10) - <http://online.wsj.com/article/SB10001424052748703940904575395520866814284.html>