

Congress of the United States
Washington, DC 20515

January 27, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

As you draft your Fiscal Year 2013 Budget Proposal, we urge you not to include the repeal of the Last In, First Out (LIFO) accounting method. Repealing LIFO is more likely to exacerbate than solve our fiscal problems.

The well-established LIFO method of accounting has been expressly permitted by the tax code for more than seventy years. It is widely used by thousands of both public and privately-held businesses. LIFO allows a business to track their costs, minimize artificial inflation gains, accurately reflect replacement costs, and more precisely measure their income for tax and financial reporting purposes. According to a 2008 study by Georgia Tech, "approximately 36% of U.S. companies use LIFO for at least a portion of their inventories."

The repeal of LIFO and resulting retroactive tax increase would have a devastating impact on businesses that rely on this accounting method. The overall taxes owed by companies would increase by billions of dollars. For many businesses, this would significantly reduce available capital for investments in equipment or the hiring of new employees. In some cases it could even threaten the job security of current employees. While our economy is still recovering from a very severe economic recession, it would be unwise to significantly impair the cash flow of many businesses.

Businesses that rely on LIFO include hundreds of publicly-traded companies in the US and countless privately-owned businesses. Industries affected range from metals, paper, chemicals, and petroleum refining to auto parts, beverages, distilleries, groceries, textiles, building materials and industrial equipment. Repeal would impact manufacturers, wholesaler-distributors, and retailers; makers and sellers of virtually all products produced, sold and consumed in the United States. The impact of LIFO repeal would surely be felt in our Congressional Districts and every corner of America.

We hope that the Fiscal Year 2013 Budget will not include LIFO repeal. We believe that retaining LIFO will help struggling companies and small businesses across the nation remain valuable assets to our economy and globally competitive.

Again, thank you for listening to our concerns about these issues as you work on drafting your budget.

Sincerely,



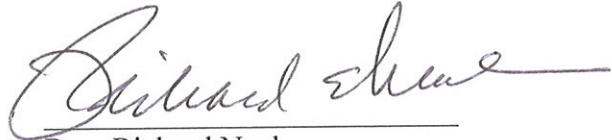
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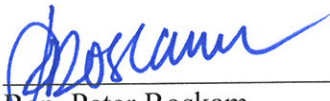
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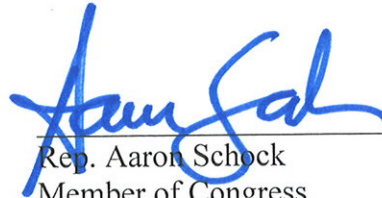
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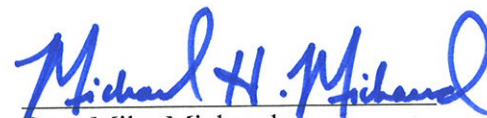
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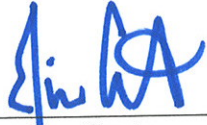
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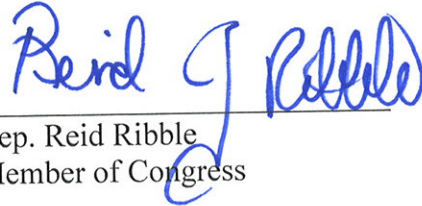
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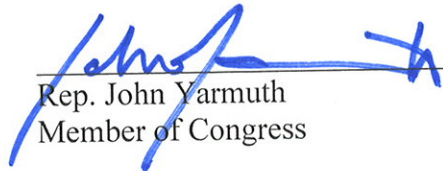
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