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FRONT RANGE

Musgrave hears write-off benefits

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Congresswoman Marilyn Musgrave and Congressman Bob Beauprez heard testimony from five business people Tuesday on how an increase in allowable expensing deductions has helped them expand.

The deductions, allowed under Section 179 of the IRS tax code, offered tax relief based on purchase of technology, machinery and other equipment.

Musgrave is sponsoring House Resolution 1678 that would extend legislation passed in 2003 that increased the small-business expense write-offs limits from \$25,000 to \$100,000.

The bill was extended this year and is set to expire in 2007. Musgrave and Beauprez are proposing legislation that would extend the bill through 2010.

Linda Jones employs 15 people in her two Area Rent-Alls in Westminster.

In 2003 she received a \$7,360 tax savings because of the increased expensing limits. That same year, her business health insurance premiums increased 30 percent. She said her tax savings allowed her to maintain health insurance coverage for her employees.

"If I don't have any kind of health insurance, my employees are going to go somewhere else," she said.

Ron Lautzenheiser and Rob Pehkonen said they were able to expand their businesses with the tax savings they received.

Pehkonen, who owns several retail appliance stores on the Front Range, went from two to five stores in the past year.

He said extending the tax credits helps businesses better plan for expansion and growth.

"It's very difficult for a business to plan future growth if they are unsure," he said. "A small-business person who is unsure is probably going to pass on expanding."

Lautzenheiser, who owns two Big O Tire and Automotive Service Centers and two Grease Monkey Lube Centers in

Larimer and Weld counties, said a lack of tax credits may not deter him from expanding, but it would slow his growth.

He said the tax credits were instrumental in his decision to open new auto centers in 2003 and 2005. Lautzenheiser said opening a new center is a two-to three-year process, and with the current bill expiring in 2007, he believes it is too late for him to open another center and benefit from the \$100,000 deduction limit.

Craig Hau, a Fort Collins businessman, said the higher expensing limits "inspire people to invest, to spend that money, and get (some) back as a write-off."