



# Business

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## Small-business owners urge lawmakers to extend write-off

By **KIRSTEN ORSINI-MEINHARD**

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In the past year, Fort Collins business owner Rob Pehkonen has seen his sales triple at his five appliance retail stores in Colorado while his work force has doubled.

But instead of attributing growth to good management or a strong marketing campaign, Pehkonen claims his good fortune is due almost entirely to section 179 of the Internal Revenue Code.

The code allows Pehkonen and other small businesses across the country to expense up to \$100,000 a year for purchases on everything from equipment to electronics.

"It helped reduce the cost of doing business and provided up-

'Without these programs I likely would not be in business today. Raising capital, particularly at an affordable rate, is one of small business' biggest challenges.'

**Ron Lautzenheiser, owner of a Big O Tire store and a Grease Monkey in Fort Collins**

front available cash flow," said Pehkonen, who was one of five small-business owners and advocates to speak about the importance of section 179 at a congressional hearing Tuesday.

The hearing, hosted by Republican Reps. Marilyn Musgrave and Bob Beauprez, was held Tuesday afternoon at the Larimer County Courthouse.

Musgrave and Beauprez, both

Republicans, held the meeting to gather information about small-business owners' opinions of their current expense limits under the tax code.

Unless legislative action is taken, the expense limit for small-business owners will drop from \$100,000 a year to \$25,000 a year in 2007.

Musgrave is pushing legislation that would allow owners to

expense up to \$100,000 a year until 2010.

The legislation would allow small-business owners to buy much-needed equipment and funnel more money into their businesses, she said.

"It also means small-business owners will have more money in their hands to hire employees," she said. "We must always look at ways to foster small-business growth."

Small-business owners and advocates of Musgrave's plan who attended the hearing had plenty of stories to share about ways the larger expense limit has helped boost their businesses.

Ron Lautzenheiser, owner of a Big O Tire store and Grease



Bradley Wakoff/The Coloradoan

**Republican representatives Marilyn Musgrave and Bob Beauprez listen during a congressional hearing they conducted Tuesday at the Larimer County Courthouse.**

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# Write-off

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Monkey in Fort Collins, said he was able to expand his business, in part because he was able to expense some of the costs associated with growth.

His ability to write off capital equipment up to \$100,000 a year played a large part in his decision to expand in the first place, said Lautzenheiser. He's also used loans through the Small Business Administration to help build his business.

"Without these programs I likely would not be in business today," he said. "Raising capital, particularly at an affordable rate, is one of small business' biggest challenges."

Linda Jones, who owns two

Area Rent-Alls in Westminster, said expensing equipment purchases has allowed her to stay competitive.

The rental industry is "capital intensive," and the annual replacement cost for equipment in the industry ranges between \$3.4 billion and \$6.2 billion for businesses across the country, she said.

In 2003, Jones said she accrued \$7,630 in tax savings, at the same time her health-insurance costs began to skyrocket.

The tax savings allowed her to continue offering health care, despite the rising costs.

"This tax has allowed me as a small-business owner to continue to reinvest in my community," she said.