

**Congress of the United States**  
**Washington, DC 20515**

May 29, 2014

Congressman Dave Camp  
Chairman  
Ways & Means Committee  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Camp:

As we share your desire for comprehensive tax reform, we commend you for putting forth a proposal and for continuing to advance the discussions on tax reform. Like you, we believe that reforms are key to our long-term economic growth and global competitiveness.

After reviewing the proposal in more detail, we would like to take this opportunity to share our concerns with the proposed repeal of “last-in, first-out” (LIFO) accounting and the negative impacts it will have on the businesses in our districts and, consequently, the local, regional and U.S. economy. LIFO is a legitimate and longstanding accounting methodology. It is not a “loophole,” “subsidy,” or tax expenditure; rather, LIFO is a widely accepted and utilized inventory accounting method that has been part of the U.S. tax code for more than 70 years.

A wide array of businesses, both small and large, use LIFO because they sell products produced from raw materials or feedstock that generally rise in price over time and because it best matches the replacement cost of goods with the revenue from inventory that is sold. This helps businesses such as manufacturers, retailers, wholesale distributors, and car and equipment dealers generate after-tax income that is reinvested in the purchase of replacement inventory, a cycle that is necessary for the company to remain in business.

We also have deep concerns with the retroactive nature of your repeal proposal and the adverse economic impact this will have on LIFO users, even with the applied transition rules and the proposed lower corporate rate. As you know, companies that use LIFO have a “reserve” that reflects the difference between current values of inventories and their historic costs, which for many companies has been accumulated over several decades. Under the proposal, these reserves would be recaptured and taxes would be owed and paid over a four year period, which -- in substance and in form -- is an unprecedented retroactive tax increase.

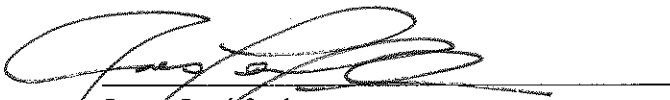
While the proposed transition rule and lower statutory rates attempt to lessen the economic and administrative burden of reserve recapture, they do not sufficiently mitigate the measureable harm that would be caused by repeal. LIFO reserves are not cash accounts or liquid assets. In fact, the savings generated from using LIFO are reinvested in replacement inventory. Therefore,

repealing LIFO and retroactively taxing the reserves will divert operating cash flows away from productive operations and investments and result in negative economic consequences on jobs and economic growth, especially for small and mid-size businesses. No contemplated transition or reduction in rates would be sufficient to offset the overall economic and administrative cost of repeal.

We applaud your efforts to improve our tax system to spur job creation and economic growth. However, as stated above, repealing LIFO runs counter to these central tax reform goals. We therefore urge you to remove LIFO repeal from the tax reform proposal.

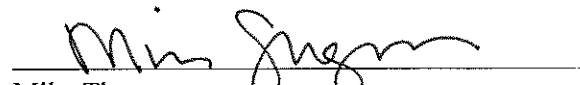
We thank you for considering our request and look forward to working with you and the Committee to advance a tax proposal that is fair, simple, and promotes economic growth and competitiveness.

Sincerely,



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James Lankford  
Member of Congress



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Mike Thompson  
Member of Congress



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Lou Barletta  
Member of Congress




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Andy Barr  
Member of Congress



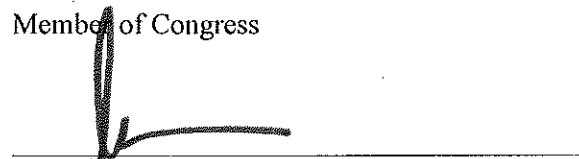
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John Barrow  
Member of Congress



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Kerry Benivolio  
Member of Congress




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Ami Bera  
Member of Congress




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Rob Bishop  
Member of Congress



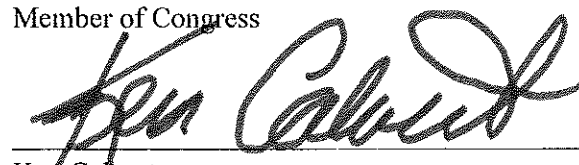
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Marsha Blackburn  
Member of Congress



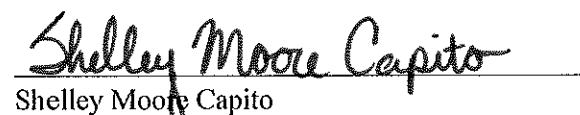
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Bruce Braley  
Member of Congress



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Ken Calvert  
Member of Congress




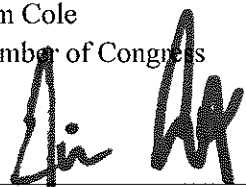
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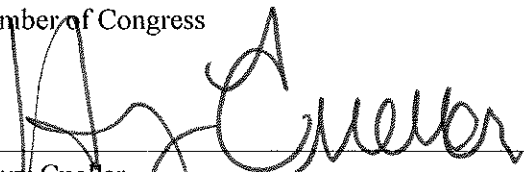
Shelley Moore Capito  
Member of Congress


  
John Carter  
Member of Congress

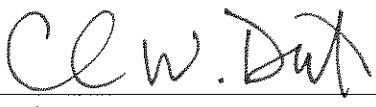
  
Jason Chaffetz  
Member of Congress

  
Tom Cole  
Member of Congress

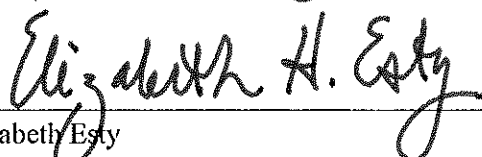
  
Jim Costa  
Member of Congress

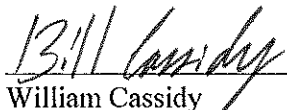
  
Henry Cuellar  
Member of Congress

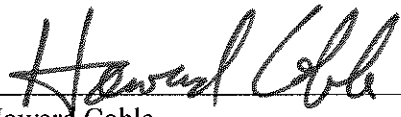
  
Suzan DelBene  
Member of Congress

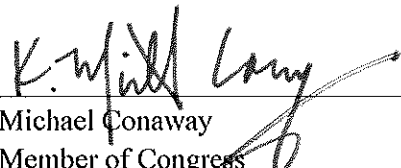
  
Charles W. Dent  
Member of Congress


  
Sean Duffy  
Member of Congress

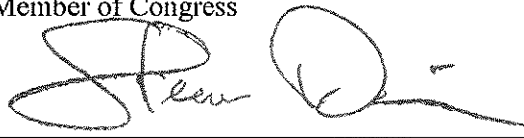
  
Elizabeth Esty  
Member of Congress

  
William Cassidy  
Member of Congress


  
Howard Coble  
Member of Congress

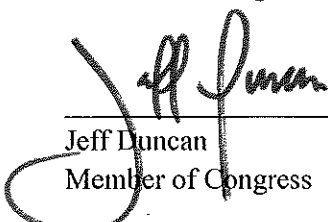
  
Michael Conaway  
Member of Congress

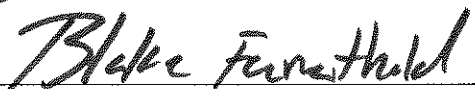
  
Kevin Cramer  
Member of Congress


  
Steve Daines  
Member of Congress

  
Jeff Denham  
Member of Congress

  
Tammy Duckworth  
Member of Congress

  
Jeff Duncan  
Member of Congress

  
Black Farenthold  
Member of Congress



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Stephen Fincher  
Member of Congress



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Chuck Fleischmann  
Member of Congress



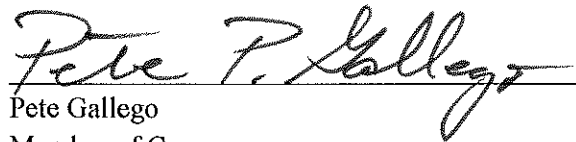
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Bill Flores  
Member of Congress



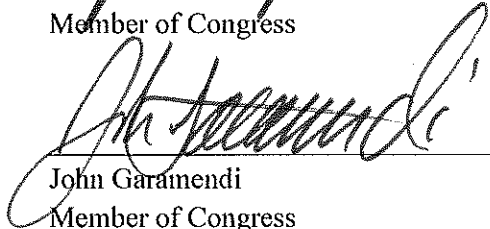
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Trent Franks  
Member of Congress



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Pete Gallego  
Member of Congress



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John Garamendi  
Member of Congress



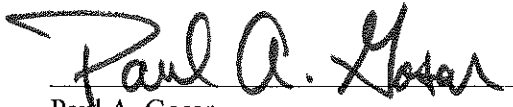
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Bob Gibbs  
Member of Congress



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Chris Gibson  
Member of Congress



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Paul A. Gosar  
Member of Congress



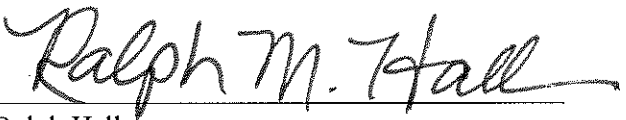
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Gene Green  
Member of Congress



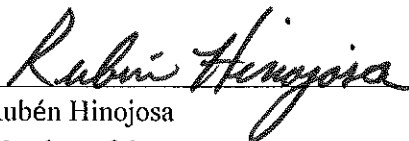
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Brett Guthrie  
Member of Congress



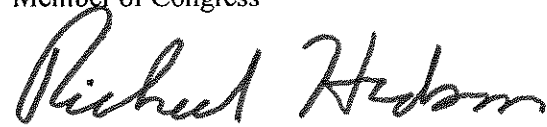
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Ralph Hall  
Member of Congress



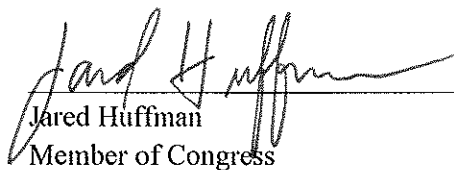
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Rubén Hinojosa  
Member of Congress



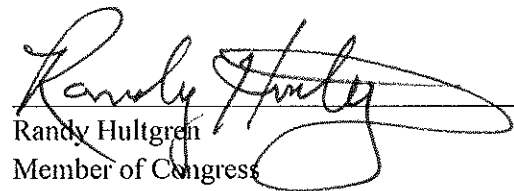
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Richard Hudson  
Member of Congress



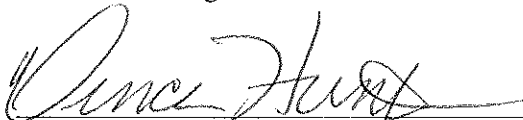
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Jared Huffman  
Member of Congress



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Randy Hultgren  
Member of Congress



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Duncan Hunter  
Member of Congress



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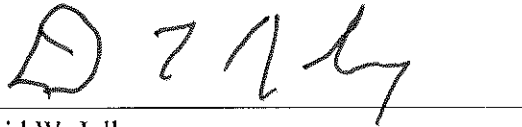
Steve Israel  
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Sheila Jackson Lee  
Member of Congress



Bill Johnson  
Member of Congress



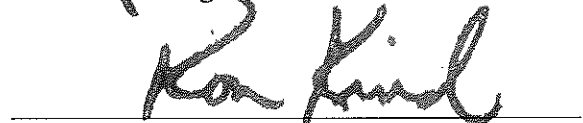
David W. Jolly  
Member of Congress



David Joyce  
Member of Congress



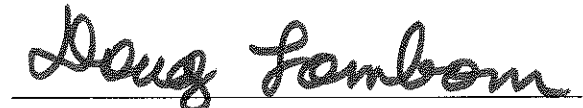
Robin Kelly  
Member of Congress



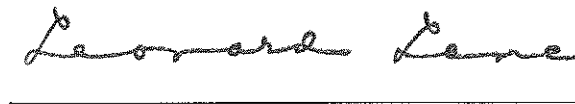
Ron Kind  
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Steve King  
Member of Congress



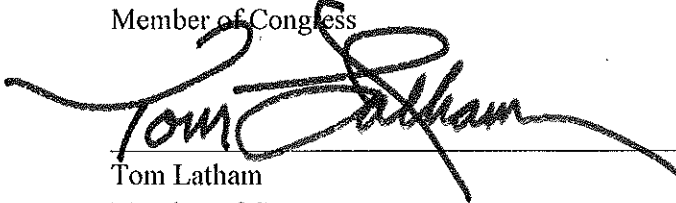
Doug Lamborn  
Member of Congress



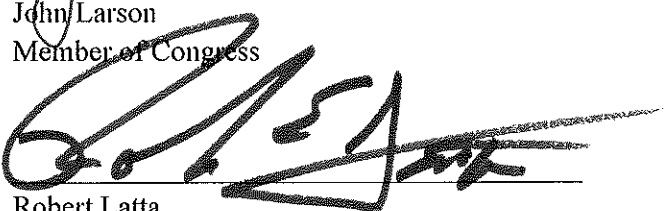
Leonard Lance  
Member of Congress



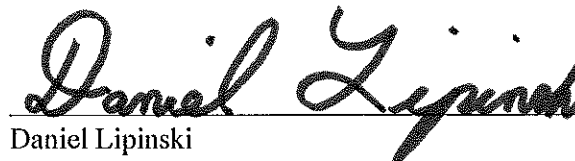
John Larson  
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Tom Latham  
Member of Congress



Robert Latta  
Member of Congress



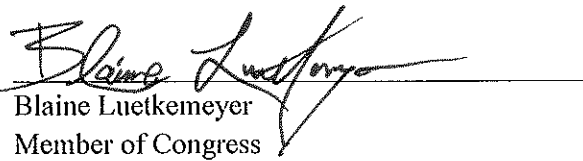
Daniel Lipinski  
Member of Congress



Dave Loebsack  
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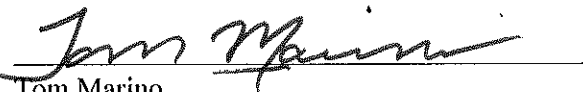
Billy Long  
Member of Congress



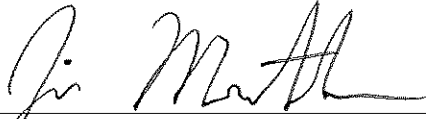
Blaine Luetkemeyer  
Member of Congress



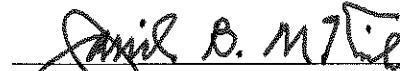
Sean Patrick Maloney  
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Tom Marino  
Member of Congress




Jim Matheson  
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David McKinley  
Member of Congress



Ann McLane Kuster  
Member of Congress



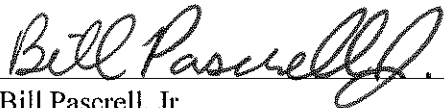
Richard Neal  
Member of Congress



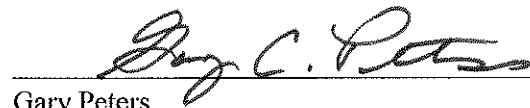
Pete Olson  
Member of Congress



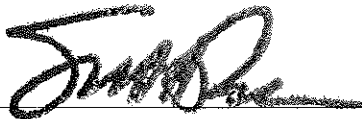
Steven Palazzo  
Member of Congress



Bill Pascrell, Jr.  
Member of Congress



Gary Peters  
Member of Congress



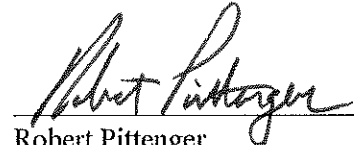
Scott Peters  
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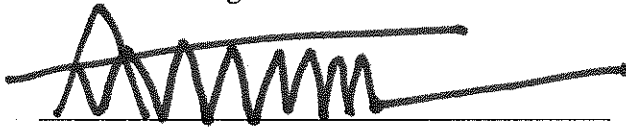
Collin Peterson  
Member of Congress



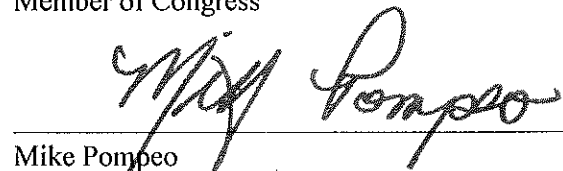
Thomas Petri  
Member of Congress



Robert Pittenger  
Member of Congress



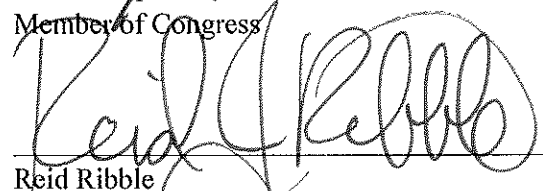
Ted Poe  
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Mike Pompeo  
Member of Congress



Mike Quigley  
Member of Congress



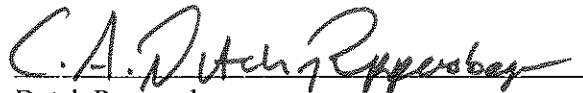
Reid Ribble  
Member of Congress

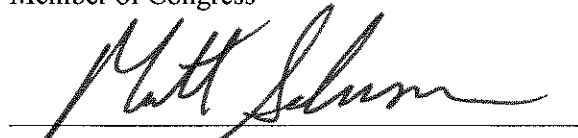



Cedric Richmond  
Member of Congress




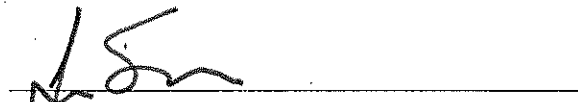
Dennis A. Ross  
Member of Congress

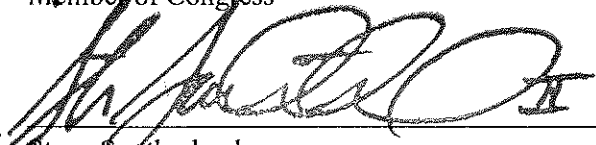
  
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Member of Congress

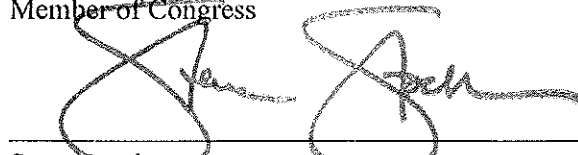
  
Matt Salmon  
Member of Congress

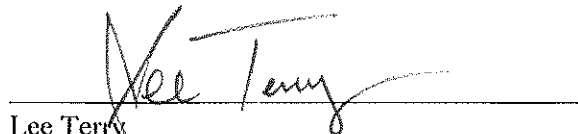
  
Loretta Sanchez  
Member of Congress

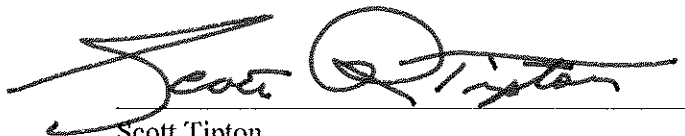
  
David Scott  
Member of Congress

  
John Shimkus  
Member of Congress

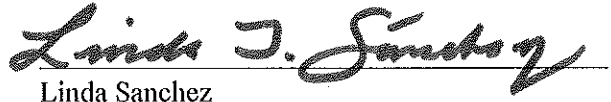
  
Steve Southerland  
Member of Congress


  
Steve Stockman  
Member of Congress

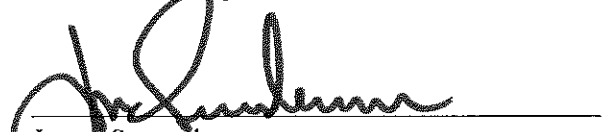
  
Lee Terry  
Member of Congress


  
Scott Tipton  
Member of Congress

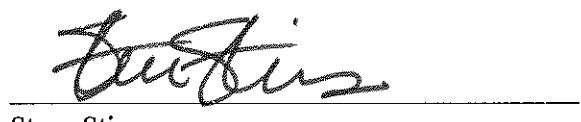
  
Tim Ryan  
Member of Congress

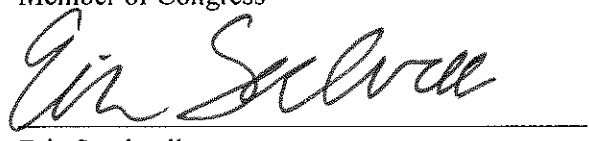
  
Linda Sanchez  
Member of Congress

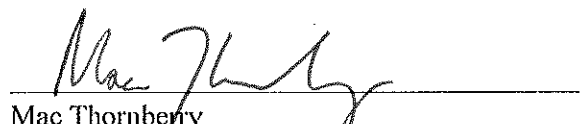
  
Brad Schneider  
Member of Congress

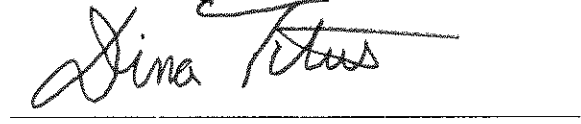
  
James Sensenbrenner  
Member of Congress

  
Lamar Smith  
Member of Congress

  
Steve Stivers  
Member of Congress

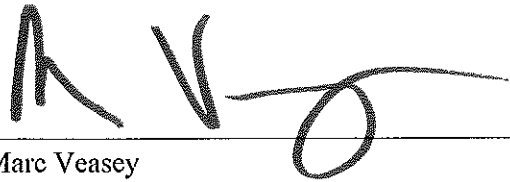
  
Eric Swalwell  
Member of Congress

  
Mac Thornberry  
Member of Congress

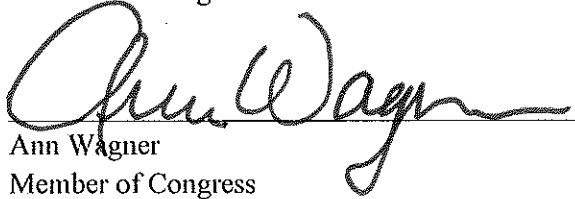
  
Dina Titus  
Member of Congress



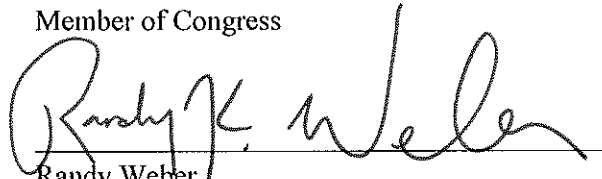
Juan Vargas  
Member of Congress



Marc Veasey  
Member of Congress



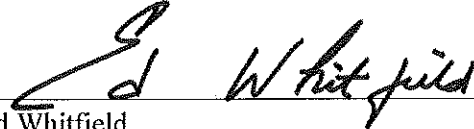
Ann Wagner  
Member of Congress



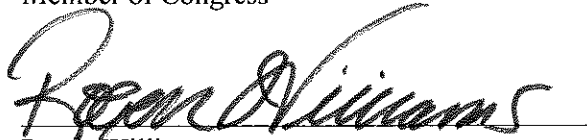
Randy Weber  
Member of Congress



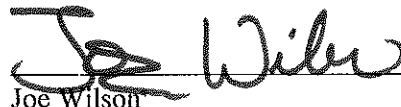
Brad Wenstrup  
Member of Congress



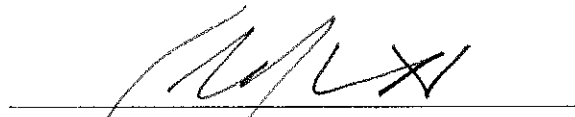
Ed Whitfield  
Member of Congress



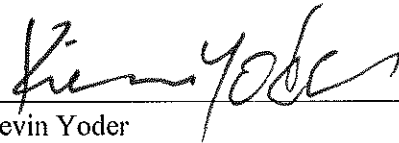
Roger Williams  
Member of Congress



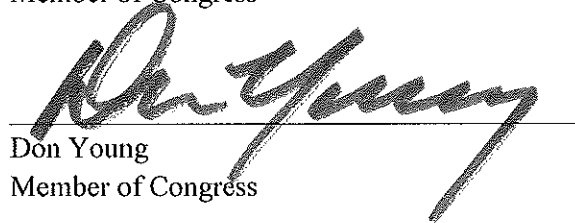
Joe Wilson  
Member of Congress



John Yarmuth  
Member of Congress



Kevin Yoder  
Member of Congress



Don Young  
Member of Congress