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Congress of the United States
House of Representatives
Washington, DC 20515-0604

October 29, 2003

William M. Thomas
Chairman
House Committee on Ways and Means
Washington, DC 20515

Dear Chairman Thomas;

I am writing in support of an important provision that would extend the five-year net operating loss (NOL) carry back period for 2003.

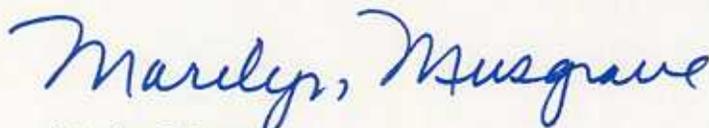
As you are well aware, the NOL carryback rules allow businesses to smooth out wide swings in income tax payments that are a result of business cycles and unanticipated financial losses. Put simply, carrying back an NOL can help taxpayers receive a refund for taxes paid in the carryback year.

In general, a taxpayer who incurs a net operating loss can carry that loss back to the two preceding tax years. However, under legislation approved by Congress in early 2002, net operating losses incurred in tax years ending in 2001 and 2002 may be carried back up to five years. Thus, taxpayers that had losses in 2001 and 2002 were given an enhanced opportunity to increase their cash flow by receiving a refund for taxes already paid.

We believe that extending the NOL carry back rules over five years for losses arising in 2003 would assist an American manufacturing sector just beginning its recovery. Allowing taxpayers to carry back 2003 losses under the temporary five-year carryback rule is one way we can help not only manufacturing but all businesses to make the investments that ensure the recovery remains strong.

Therefore, as we debate tax and stimulus legislation in the closing days of the session, I ask that you give consideration to this important provision.

Respectfully,



Marilyn Musgrave
Member of Congress
Colorado's Fourth District