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December 1, 2003

TA&I Director
File Reference Number 1082-300
Financial Accounting Standards Board of the Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Director:

We appreciate the opportunity to comment on the FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46). The American Hotel & Lodging Association (AH&LA) has concerns with the current interpretation and believes that if FIN 46 is implemented on December 15, 2003 in its current form, it will have a chilling effect on franchise expansion, thereby denying entrepreneurs the ability to own their own business.

Implementation of the current interpretation of FIN 46 would impose unnecessary burdens on franchise businesses, complicate the reporting process, call into question financial statements, and add unnecessary hardships on the Sarbanes-Oxley certification requirements.

AH&LA is a federation of state and local lodging associations, representing this nation's hotel and lodging industry. Over 53,000 lodging properties with more that 4.2 million rooms and over 1.9 million employees exist in the United States. The industry's annual sales exceed $103 billion and its yearly payroll exceeds $20 billion. AH&LA's membership ranges from the smallest independent properties to the largest convention hotels. In fact, there is a high degree of franchising ownership in the lodging industry.

AH&LA supports efforts for meaningful and accurate financial accounting data for regulators and stockholders; however we are concerned about the unintentional consequences of FIN 46 and its impact on franchise businesses. Many lodging operations will be burdened with unanticipated costs and reporting requirements.

AH&LA urges that implementation of FIN 46 he delayed until clarifying statements regarding franchise relationships can be issues.

Sincerely,

John P. Connors
Executive Vice President for Public Policy