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Notes:
February 16, 2005

The Honorable Connie Mack
Commissioner
The President’s Advisory Panel
On Federal Tax Reform
1440 New York Avenue, NW, Suite 2100
Washington, D.C. 20220

The Honorable John Breaux
Vice-Commissioner
The President’s Advisory Panel
On Federal Tax Reform
1440 New York Avenue, NW, Suite 2100
Washington, D.C. 20220

Dear Senators Mack and Breaux:

As the President’s Advisory Panel on Federal Tax Reform begins studying proposals to simplify our nation’s tax laws, I urge you to consider long-term solutions to the problem of the individual Alternative Minimum Tax (AMT). As you know, the individual AMT threatens to impact an increasing number of middle-income taxpayers in the years ahead if Congress and the Administration fail to enact a proactive, long-term solution. Although I was initially disappointed that the Administration failed to budget for an extension of the AMT in 2006, Secretary Snow testified before the Finance Committee last week that the AMT will be addressed as part of the Advisory Panel’s fundamental tax reform effort.

The President required in his Executive Order establishing the Advisory Panel that at least one option submitted by the Panel to the Secretary would use the federal income tax as the base for recommended reforms. In this and any other reform proposal that does not eliminate the AMT, I urge you to recommend long-term simplification solutions that are specific and detailed such as the elimination of individual preferences items, indexing, or the creation of a gross income exemption. Each day that passes without enacting meaningful AMT reform will make correction of the problem more difficult. Please let me know how I may assist you in your important work.

Sincerely,

Chuck Grassley
Charles E. Grassley
Chairman

cc: Members, The President’s Advisory Panel on Federal Tax Reform