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KOLAN DAVIS, STAFF DIRECTOR AND CHIEF COUNSEL
JEFF FORBES, DEMOCRATIC STAFF DIRECTOR

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

Facsimile Transmittal

219 Dirksen Senate Office Building

Phone 202-224-4515

Fax 202-228-1703

To: Jeffrey F. Kupfer

Fax: 202-622-6920

From: Adam Freed

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 RUSSELL SULLIVAN, DEMOCRATIC STAFF DIRECTOR

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

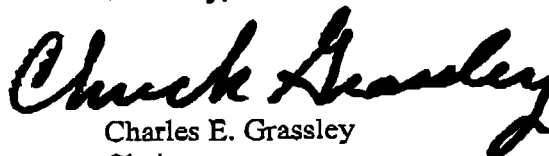
The Honorable John Breaux
 Vice-Commissioner
 The President's Advisory Panel
 On Federal Tax Reform
 1440 New York Avenue, NW, Suite 2100
 Washington, D.C. 20220

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,



Charles E. Grassley
 Chairman

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