

To: President's Advisory Panel on Federal Tax Reform

From Individual

Debra N. Kelly

**Mailing address:
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**Phone 281-339-6288
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Occupation: Registered Nurse
Bone Marrow Transplant MD Anderson

Retired From
AMGEN Pharmaceuticals
IDEC Pharmaceuticals

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM
2005 APR 21 A 10: 51

To whom it may concern:

I am writing to tell you my story and see if you can help by providing some needed legislative Tax reform.

In 2002 I retired from a 20 year career in the pharmaceutical industry.

IDEC Pharmaceuticals did very well and I received some ISO's. All the hard work and sacrifice was going to pay off and more. I was not in management.

I wanted to be at home with my Husband and children.

When I retired IDEC stock was trading at \$78 a share. My holdings were in ISO's (incentive stock options). When I retired, by company policy, I had to exercise my ISO's.

I purchased my ISO's and held my stock.

Now understand, I did not cash this stock, did not realize wealth from this stock.

In three months, summer of 2002, the ENRON collapse came. Its effect on the entire stock market was unbelievable. My share price went from \$78 to \$21. It would have been only troublesome, had I been able to wait out the recovery of the IDEC stock.

April 15th of 2003 I was going to have a tax debt higher than the stock was worth and my ability to pay.

AMT tax was going to be due. AMT tax I owed for ISO's that were trading at \$78 a share were now trading at \$21a share. In addition I would owe capital gain tax by selling the stock to pay the AMT tax. Double taxation!

When the stock crept back up to \$40 a share I elected to sell my stock. I would have enough money to pay my tax debt and pay my bills. I had little money left.

I was getting advice to take an extension, ride out the stock market, But in light of the world events and the volatile nature of the market my husband and I elected to sell the stock and cut our losses.

We did not want to risk losing our home by incurring debt to the IRS.

April 15th, 2003 I paid my tax owed, in Full. I did not take an extension with the IRS.

Then the fall of 2003 the tax law changed.

Due to the changes in the tax law the IRS owed me money back. I received some money back in June 2004.

Now the IRS owes me \$249,000.

But the IRS doesn't have to pay me right now. I get a tax credit. The IRS doesn't have to give me penalties or interest on the amount.

I receive a benefit of about \$18,000 credit back each year.

At that rate I'll get my money back in about 15 years.

If I owed the IRS that kind of money they would come take my home.

Garnish my wages.

It is not just.

It's not right.

IF I could have stayed in the stock market, sold my IDEC stock on an as needed basis and paid regular capital gain on the sell I would be in incredible financial shape today.

What if??

Now my story isn't as extreme as others I know.
I don't have any debt to the IRS and have not entered into court battles.

It has not financially devastated me.
But I have had to make decisions that have grossly affected my financial situation.

I went from \$1.2 million in IDEC ISO stock to \$40,000 in my Brokerage account. My Husband and I spend \$4,000 a month in household expenses.

We both are working and saving for retirement.

I am not an extravagant person.

At present I have two children in College.

My mother is entering into assisted living.

My husband and I work to make the college payments and ends meet.

What's done is done.

But why can't I have what the IRS owes us?

Not so much to ask.

We need to make our government live by real world standards.

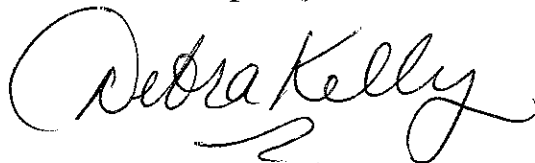
We need to make the highly paid CEO's account for mistakes.

I know we all live in a complex world and simple answers are hard to find.

But enacting legislation that prohibits the IRS from owing money to tax payers is an easy fix. You have the power.

Please make the IRS pay me the money they owe us. So We can invest that money to rebuild our family's future.

Note. This is a simplified version. For answers to any tax questions contact me and I will put you in contact with my attorney Scott Mitchell.

A handwritten signature in cursive script that reads "Debra Kelly". The signature is written in black ink and is positioned at the bottom left of the page, overlapping the end of the note.

**To: President's Advisory Panel on Federal Tax
Reform
AMT (Incentive Stock Options)**

From Individual

Debra N. Kelly and John A. Kelly Jr.

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Debra Kelly

Occupation: Registered Nurse

Bone Marrow Transplant MD Anderson

Retired From

AMGEN Pharmaceuticals

IDEC Pharmaceuticals

John A. Kelly Jr.

Safety Supervisor British Petroleum

Retired 22 years Military

Served Vietnam

Children

John B. Kelly United States Navy USS Donald Cook

Carrie Kelly Bank Teller

Morgan Rozacky Student

Debbie E. Kelly Student

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM
2005 APR 21 A 10:57

To whom it may concern:

I am writing to tell you my story and see if you can help by providing some needed legislative Tax reform. Specifically the **AMT, (Alternate Minimum Tax)** .

In 2002 I retired from a 20 year career in the pharmaceutical industry.

IDEC Pharmaceuticals did very well and I received some ISO's. All the hard work and sacrifice was going to pay off and more. I was not in management.

I wanted to be at home with my Husband and children.

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We did not want to risk loosing our home by incurring debt to the IRS.

April 15th, 2003 I paid my tax owed, in Full. I did not take an extension with the IRS.

Then the fall of 2003 the tax law changed.

Due to the changes in the tax law the IRS owed me money back. I received some money back in June 2004.

Now the IRS owes me \$239,000.

But the IRS doesn't have to pay me right now. I get a tax credit. The IRS doesn't have to give me penalties or interest on the amount.

I receive a benefit of about \$18,000 credit back each year.

At that rate I'll get my money back in about 30 years.

If I owed the IRS that kind of money they would come take my home.

Garnish my wages.

It is not just.

It's not right.

IF I could have stayed in the stock market, sold my IDEC stock on an as needed basis and paid regular capital gain on the sell I would be in incredible financial shape today.

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We both are working and saving for retirement.

I am not an extravagant person.

At present I have two children in College.

My mother is entering into assisted living.

My husband and I work to make the college payments and ends meet.

My husband is retired Military and my son is starting his second tour in Iraq.

What's done is done.

But why can't I have what the IRS owes us?

Not so much to ask.

We need to make our government live by real world standards.

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I know we all live in a complex world and simple answers are hard to find.

But enacting legislation that prohibits the IRS from owing money to tax payers is an easy fix. You have the power.

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Note. This is a simplified version. For answers to any tax questions contact me and I will put you in contact with my attorney Scott Mitchell.