

September 15, 2010

The Honorable John Conyers, Chairman
Judiciary Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Lamar Smith, Ranking Republican
Judiciary Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Sander Levin, Chairman
Ways & Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Dave Camp, Ranking Republican
Ways & Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Rick Boucher
2187 Rayburn HOB
Washington, DC 20515

The Honorable Bob Goodlatte
2240 Rayburn HOB
Washington, DC 20515

Dear Gentlemen:

With the final weeks of the 111th Congress upon us, we are writing, on behalf of our combined 55,741 members in Michigan, Texas, and Virginia, to urge you to enact legislation to ban tax strategy patents this year. It is essential that this problem be addressed as soon as possible. **Taxpayers and their advisers remain at enormous risk if legislation is not adopted, and legislative action should not be postponed until the next Congress.**

We are tremendously grateful for the leadership that you already have shown on this issue. As you know, Congressmen Boucher and Goodlatte's bill to ban tax strategy patents, HR 2584, has 45 co-sponsors this year, including Congressman Camp. And, this bill builds off of the enormous momentum of the previous Congress, wherein the Boucher-Goodlatte bill was incorporated into the House-passed Patent Reform Act (H.R. 1908, Section 10). We also appreciate Congressman Smith's willingness to write to his Senate colleagues earlier this year to advocate expressly for inclusion of a tax strategy patent ban in comprehensive patent reform. All of your combined actions and support have raised the issue to where it is today, and we appreciate all that you have done.

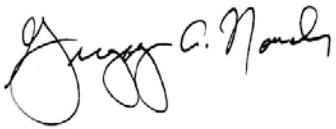
Meanwhile, in the Senate, as you know, Finance Committee Chairman Max Baucus and Ranking Member Charles Grassley have been working on this issue with Judiciary Committee Chairman Patrick Leahy and Ranking Member Jeff Sessions, throughout this Congress, as part of the larger discussion over comprehensive patent reform. And, other champions on this issue include Senator Carl Levin, who has included a ban on tax strategy patents as part of a larger tax bill he has introduced.

With this broad bipartisan and bicameral support for action by key leaders on tax and patent policy, now is the time to act. While earlier this year, we and other like-minded opponents of tax strategy patents hoped that the U.S. Supreme Court, in the case of *Bilski v. Kappos*, might limit or prohibit tax strategy patents, the Court decision ended up having no impact on such patents. Indeed, tax strategy patents issued and tax strategy patent applications pending are on the rise. There are currently 117 issued tax strategy patents and 150 more applications pending. With *Bilski* resolved, we fully expect this number to continue to grow exponentially into a whole host of new areas. While subjects for tax strategy patents have already included the use of financial products, charitable giving, estate and gift tax, pension plans, tax-deferred exchanges, and deferred compensation, we anticipate that other areas which are vulnerable to patenting include: (1) educational savings plans, (2) income tax minimization; (3) alternative minimum tax (AMT) minimization; and (4) income tax itemized deduction maximization.

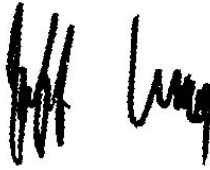
With such a limited window of time left in the legislative calendar, it seems less and less likely that the House will consider comprehensive patent reform like it did last Congress. We would strongly support re-including a ban on tax strategy patents if such legislation is brought to the floor. However, should there be insufficient time for its consideration, we respectfully ask that you incorporate a ban on tax strategy patents into a tax bill or any other appropriate piece of legislation likely to be enacted in the remaining weeks of this Congress. We simply cannot afford to delay action on an issue of such immense importance to millions of taxpayers.

Thank you again for your leadership over the past several years on this issue. With your commitment, we are confident that this problem can be fixed for taxpayers and their advisers this year. Please contact any of us if we can be of assistance as the House moves forward on this important issue.

Sincerely,



Gregory A Nowak, CPA
Chair of the Board
Michigan Association of CPAs



C. Jeff Gregg, CPA
Chairman
Texas Society of CPAs



Bradford R. Jones, CPA
Chairman
Virginia Society of CPAs