

MICHAEL H. MICHAUD
2ND DISTRICT, MAINE

WASHINGTON OFFICE
1724 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE: (202) 225-6306
FAX: (202) 225-2943

www.michaud.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515

September 24, 2009

COMMITTEES:
VETERANS' AFFAIRS
SUBCOMMITTEE ON HEALTH
CHAIRMAN

TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
SUBCOMMITTEE ON RAILROAD, PIPELINES
AND HAZARDOUS MATERIALS
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS AND
EMERGENCY MANAGEMENT

SMALL BUSINESS
SUBCOMMITTEE ON RURAL AND URBAN
ENTREPRENEURSHIP
SUBCOMMITTEE ON FINANCE AND TAX

The Honorable Charles B. Rangel
Chairman, Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Rangel,

We are writing to thank you for your previous leadership on the "Reverse Morris Trust" (RMT) issue and to seek your renewed support for limiting its utility.


The provision you included in H.R. 3970, The Tax Reduction and Reform Act of 2007, would have effectively dealt with the monetization aspects of these transactions. Prior to the transaction between Verizon and FairPoint Communications that was fueled by the RMT provisions we projected that the transaction would have disastrous consequences in our states. Unfortunately, our concerns were well founded with widespread consumer dissatisfaction evident across the region.

Recently, we have learned that other states across the country face similar threats to service and employment as Verizon, once again, seeks to avoid taxes through the use of the RMT in its proposed transaction with Frontier Communications.

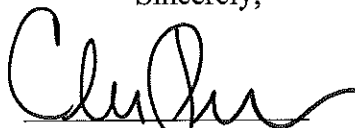
As you well know, under the Reverse Morris Trust, a parent company can spin off a subsidiary that merges into an unrelated company tax free, if the shareholders of the parent company control more than 50 percent of the voting rights and economic value of the resulting merged company. The resulting operations can end up starved for capital as a result of the transaction and the federal treasury ends up losing hundreds of millions of dollars.

Now is the time to restrict the utility and benefits of the RMT to protect the public interest. Thank you for your kind consideration of this matter and we look forward to working with you to address this important issue.

Sincerely,




Michael H. Michaud
Member of Congress



Chellie Pingree
Member of Congress



Peter Welch
Member of Congress



Paul W. Hodes
Member of Congress



Carol Shea-Porter
Member of Congress

BANGOR:
6 STATE STREET, SUITE 101
BANGOR, ME 04401
PHONE: (207) 942-6935
FAX: (207) 942-5907

LEWISTON:
179 LISBON STREET, GROUND FLOOR
LEWISTON, ME 04240
PHONE: (207) 782-3704
FAX: (207) 782-5330



PRESQUE ISLE:
445 MAIN STREET
PRESQUE ISLE, ME 04769
PHONE: (207) 764-1036
FAX: (207) 764-1060

WATERVILLE:
16 COMMON STREET
WATERVILLE, ME 04901
PHONE: (207) 873-5713
FAX: (207) 873-5717