

The Honorable John Boehner,
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi,
Minority Leader
U.S. House of Representatives
Washington DC 20515

The Honorable Lamar Smith,
Chairman
Judiciary Committee
U.S. House of Representatives
Washington, DC 20510

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

Re: Please Stop Congressman Polis' Tax Strategy Patents Loophole; Protect Taxpayers from Lawsuits, Royalties, and a More Complicated Tax Code

June 21, 2011

Dear Representatives Boehner, Pelosi, Smith, and Conyers:

As Congress prepares to consider H.R. 1249, the America Invents Act, we write to call your attention to an amendment by Congressman Jared Polis that would create a major loophole in the bill's provision on tax strategy patents. We strongly oppose the Polis amendment and ask you to work with your colleagues to ensure that it is defeated.

Tax strategy patents are a serious and growing problem for taxpayers and their advisers. We believe that it is bad public policy to grant someone a monopoly over a form of compliance with the Federal tax code, and no taxpayer should be subject to paying royalties or defending themselves in lawsuits simply for using a legal way to comply with the tax code. Our tax laws are already complicated enough without requiring taxpayers and their advisers also to become experts in patent law.

We ask for your help to ensure that not a single additional one of these anti-taxpayer patents is issued by the Patent and Trademark Office (PTO). Unfortunately, Congressman Polis' proposed amendment would allow up to 160+ additional tax strategy patent applications to be granted, even after enactment of H.R. 1249. This could potentially more than double the number of these bad patents from the approximately 140 that already exist.

Some examples of previous tax strategy patents that have been issued include:

1. A patent on calculating the savings of converting an IRA to a Roth IRA
2. A patent on the treatment of stock options when they are put in a certain kind of trust
3. A patent for engaging in certain tax-deferred real estate exchanges
4. A patent for analyzing college savings plans

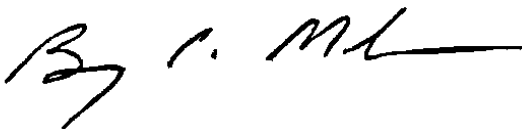
5. A patent for investing long-term assets of tax-exempt charities
6. A patent on hedging liabilities associated with a deferred-compensation plan

Taxpayers should not have to face more of these kinds of patents, carving up the tax code and making compliance more difficult for them.

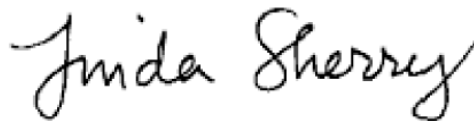
We understand that some of these patent applicants, awaiting a decision by PTO, may argue that they divulged certain proprietary information or business strategies when they applied for their patents, and therefore, at this point in the process, they should be entitled to continue. However, all patent applicants send in their applications with the understanding that they may not ultimately receive a patent. Should Congress continue to allow the PTO to issue these anti-taxpayer patents just because someone applied for one? The answer is a resounding no. Tax strategy patents are simply not in the public interest, and Congress must put a stop to them.

After years of work, Congress is closer than it has ever been to resolving this issue. We ask that you do everything you can to defeat the Polis amendment. Everyone deserves fair and equal access to the tax code and there should be no last minute loopholes for pending but unissued tax strategy patents. Thank you for your consideration of our views.

Sincerely,



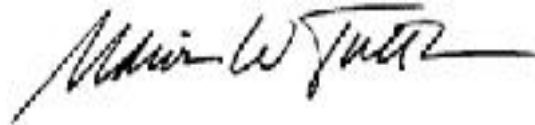
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National Priorities Director
Consumer Action



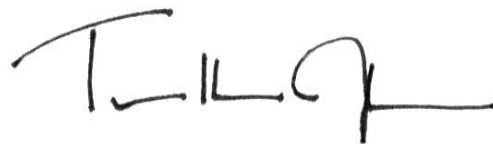
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