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

September 24, 2009

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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.

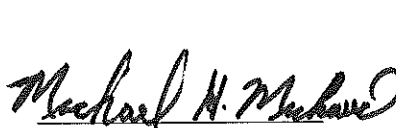
The provision you included in H.R. 3970, The Tax Reduction and Reform Act of 2007, would have effectively dealt with the monetization aspects of these transactions. Prior to the transaction between Verizon and FairPoint Communications that was fueled by the RMT provisions we projected that the transaction 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.

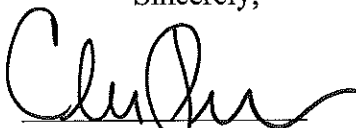
As you well know, under the Reverse Morris Trust, a parent company can spin off a subsidiary that merges into an unrelated company tax free, if the shareholders of the parent company control more than 50 percent of the voting rights and economic value of the resulting merged company. The resulting operations 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
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