

December 13, 2005

AMENDED VERSION OF 9/26/05 LETTER

Honorable Jim Sensenbrenner, Jr.  
Chairman, House Committee on the Judiciary  
United States House of Representatives  
Washington, DC 20515-4905

Dear Chairman Sensenbrenner:

The companies (both large and small), trade associations and citizen groups listed below strongly support H.R. 1956, the Business Activity Tax Simplification Act (“BATSA”), and respectfully request that your Committee consider and favorably report the bill in the 109th Congress.

BATSA, a bill recently introduced by Representatives Bob Goodlatte (R-VA), Rick Boucher (D-VA) and others, would clarify the constitutional requirement for a physical presence nexus standard governing state assessment of corporate income taxes and other direct taxes on a business (the bill would have no impact on sales and use or other non-income-based taxes). Specifically, the bill would articulate a bright-line physical presence standard that includes owning or leasing any real or tangible property, or assigning one or more employees, or using the services of agents to perform certain activities in the state for more than twenty-one days in a taxable year.

In addition, the bill would modernize Public Law 86-272 – which prohibits states from assessing net income-based taxes against an entity whose only contact with the state involves the solicitation of orders for tangible personal property – so that it applies also to intangible property and services and to all direct taxes on a business, not just those based on net income.

BATSA would ensure fairness, minimize costly litigation and create the kind of legally certain and stable environment that encourages businesses to make investments, expand interstate commerce and create new jobs. At the same time, the bill would ensure that businesses continue to pay business activity taxes to states that provide them with direct benefits and protections.

Thank you in advance for considering our request. We look forward to working with you, your staff and all members of the House Judiciary Committee on the Business Activity Tax Simplification Act.

Sincerely-

December 13, 2005

Page 2

American Bankers Association  
American Electronics Association (AeA)  
American Express Company  
American Financial Services Association  
American Homeowners Grassroots Alliance  
American Hotel & Lodging Association  
American Legislative Exchange Council  
Americans for Prosperity  
Americans for Tax Reform  
American Shareholders Association  
America's Community Bankers  
Apple Computer  
Association for Competitive Technology  
Bank of America  
Beall's, Inc.  
Blue Crab Bay Co./Bay Beyond Inc.  
BMC Software, Inc.  
Burger King Corporation  
Business Roundtable  
Cendant Corporation  
Chevron Corporation  
Cisco Systems, Inc.  
Citigroup, Inc.  
Coalition of Service Industries  
Computing Technology Industry Association (CompTIA)  
Council for Citizens Against Government Waste  
Deere & Company  
Delphi Corporation  
Direct Selling Association  
Discovery Communication, Inc.  
Eastman Chemical Company  
EDS  
Entertainment Software Association  
Expedia, Inc.  
Federated Department Stores, Inc.  
The Financial Services Roundtable  
FreedomWorks  
Gap Inc.  
Gateway  
HSBC North America  
IAC/InterActiveCorp.  
Illinois Chamber of Commerce

December 13, 2005

Page 3

Illinois Information Technology Association  
Information Technology Association of America  
International Franchise Association  
International Paper  
Investment Company Institute  
Iowa Motor Truck Association  
Iowa Taxpayers Association  
Limited Brands, Inc.  
Magazine Publishers of America  
MESDA: Maine's Software & Information Technology Industry Association  
Mary Kay Inc.  
MBNA  
Metromedia Restaurant Group  
Microsoft Corp.  
Motion Picture Association of America, Inc.  
National Association for the Specialty Food Trade, Inc.  
National Association of Manufacturers  
National Gypsum Company  
National Marine Manufacturers Association  
National Restaurant Association  
National Retail Federation  
National Taxpayers Union  
NetChoice Coalition  
Nevada Development Authority  
Nike  
North American Association of Food Equipment Manufacturers  
North Carolina Biosciences Organization  
North Carolina Citizens for Business and Industry  
North Carolina Manufacturers Association  
North Carolina Technology Association  
Northeast Ohio Software Association  
Pasta by Valente, Inc.  
ProHelp Systems, Inc. (a home-operated S.C. business)  
Saks  
Securities Industry Association  
Software & Information Industry Association  
Software Finance and Tax Executives Council  
Sony  
Time Warner Inc.  
The TJX Companies, Inc.  
UPS  
U.S. Chamber of Commerce

December 13, 2005

Page 4

Viacom  
Wachovia Corporation  
The Walt Disney Company  
Wendy's International, Inc.  
Women Presidents' Organization

cc: Honorable Henry J. Hyde  
Honorable Howard Coble  
Honorable Lamar Smith  
Honorable Elton Gallegly  
Honorable Robert W. Goodlatte  
Honorable Steve Chabot  
Honorable Daniel E. Lungren  
Honorable William L. Jenkins  
Honorable Chris Cannon  
Honorable Spencer Bachus  
Honorable Robert D. Inglis  
Honorable John N. Hostettler  
Honorable Mark Green  
Honorable Ric Keller  
Honorable Darrell Issa  
Honorable Jeff Flake  
Honorable Mike Pence  
Honorable J. Randy Forbes  
Honorable Steve King  
Honorable Tom C. Feeney III  
Honorable Trent Franks  
Honorable Louie Gohmert  
Honorable John Conyers, Jr.  
Honorable Howard L. Berman  
Honorable Rick Boucher  
Honorable Jerrold Nadler  
Honorable Robert C. Scott  
Honorable Melvin L. Watt  
Honorable Zoe Lofgren  
Honorable Sheila Jackson Lee  
Honorable Maxine Waters  
Honorable Martin T. Meehan  
Honorable William D. Delahunt  
Honorable Robert Wexler  
Honorable Anthony D. Weiner  
Honorable Adam Schiff  
Honorable Linda Sanchez  
Honorable Chris Van Hollen, Jr.  
Honorable Debbie Wasserman-Schultz