

KATHLEEN SEBELIUS

March 31, 2009

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Charles E. Grassley
Ranking Minority Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Mr. Chairman and Senator Grassley:

In preparation for my confirmation process as the nominee for Secretary of the Department of Health and Human Services, my husband and I hired a Certified Public Accountant to conduct a thorough review of our tax returns for 2005, 2006 and 2007. That evaluation revealed unintentional errors, which we immediately corrected by filing amended returns.

Charitable contributions: For charitable contributions in excess of \$250, taxpayers must have an acknowledgment letter from the charitable organization in order to take a tax deduction. Out of 49 charitable contributions we made in these three years, there were three for which we could not locate our acknowledgement letter. The amended returns eliminated these deductions.

Interest: In July of 2006, my husband and I sold our home for an amount less than the outstanding balance on our mortgage. We continued paying off the loan, including interest we mistakenly believed continued to be deductible mortgage interest. Another loan for home improvements was treated similarly. These errors were corrected in our amended returns.

Business expenses: In reviewing our taxes, we discovered we had insufficient documentation required to claim some of our tax deductions for business expenses. While the amended returns reflect these changes, they did not affect the amount of taxes owed because we were subject to the Alternative Minimum Tax.

As a result of these amendments to our 2005, 2006 and 2007 returns, we paid a total of \$7,040 in additional tax and \$878 in interest. If you have any further questions, please do not hesitate to contact me.

Thank you for your consideration.

Sincerely,



Kathleen G. Sebelius