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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

November 16, 2010

Douglas H. Shulman
Commissioner of Internal Revenue
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, DC 20224

Re: Request for Revenue Ruling on Allowing Legal Marijuana Dispensaries to Take Trade or Business Deductions

Dear Commissioner Shulman:

We are writing to request that the Internal Revenue Service (IRS) issue a revenue ruling, or similar pronouncement upon which all taxpayers may rely, dealing with this subject matter.

Background

Section 280E of the Internal Revenue Code prohibits deductions and credits attributed to amounts paid or incurred during the taxable year in carrying on a trade or business that consists of trafficking in controlled substances within the meaning of the Controlled Substances Act, which is prohibited by Federal Law or the law of any state in which the trade or business. The Tax Equity and Fiscal Responsibility Act, which Congress passed into law in 1982, added Section 280E to the Code. The legislative intent, in drafting this bill, was to deny the benefit of tax deductions and credits to those who violate our laws against trafficking in illegal drugs.

Current Issue

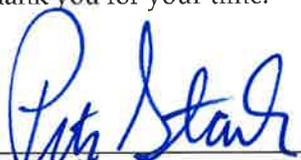
Nearly 38 years after Section 280E was added to the Internal Revenue Code, our nation's drug laws have changed. Fifteen states now permit the sale and use of marijuana for medical purposes. Taxpayers in these states may follow the letter of the law to operate a legal business, and yet are still prohibited from deducting expenses and credits from the income.

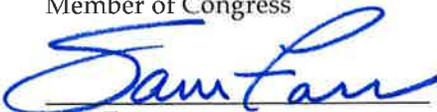
Our Request

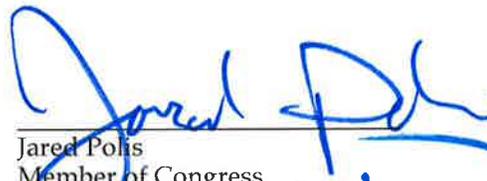
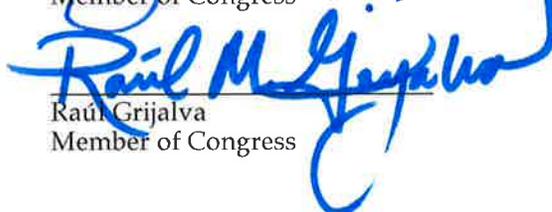
We respectfully request that the IRS promptly issue a revenue ruling (or other pronouncement upon which all taxpayers may rely) holding that deductions or credits shall be allowed for amounts paid or incurred during the taxable year in the carrying on of a trade or business if the activities which comprise the trade or business are conducted in compliance with state or local law. Such a ruling will allow these thousands of businesses to take deductions and credits against their income generated through legal activities, just like all other law abiding business owners.

Thank you for your time.

Sincerely,


Pete Stark
Member of Congress


Sam Farr
Member of Congress


Jared Polis
Member of Congress

Raúl Grijalva
Member of Congress


Barney Frank
Member of Congress


Linda Sánchez
Member of Congress