

THOMAS A. DASCHLE

February 1, 2009

The Honorable Max Baucus - Chairman
The Honorable Charles Grassley - Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Baucus and Senator Grassley:

Thank you for the work you and the Committee are doing to move forward on my nomination by President Obama to be Secretary of Health and Human Services. I know that despite the heavy workload from both the Economic Recovery Act and SCHIP, as well as all the nominees the Committee is handling, your staff has worked diligently on my nomination. I also appreciate the strong commitment to fairness you both have expressed.

As you can well imagine, I am deeply embarrassed and disappointed by the errors that required me to amend my tax returns. I apologize for the errors and profoundly regret that you have had to devote time to them. I will be happy to answer any Committee members' questions about these issues. In the meantime, as a follow-up to our conversations, I would like to briefly review three issues discussed at my meeting with your staff and mentioned in our meeting on Thursday.

Last fall, when I was being considered for this position, the Presidential Transition Team's vetters reviewed my records. During the course of those reviews, the vetting team flagged charitable contributions they felt were deducted in error. When my accountant realized I would need to file amended returns, he suggested addressing another matter I had raised with him earlier in the year: whether the use of a car service offered to me by a close friend might be a tax issue. In December, my accountant advised me that it should be reported as imputed income in the amended returns.

At about the same time, the friend's company, a consulting client, informed my accountant of a clerical error it had made on the Form 1099 it provided to me and reported to the IRS for 2007. In an effort to ensure full compliance and the most complete disclosure possible of my personal finances, we remedied these issues by filing amended tax returns with full payments, including interest. We provided all this information to the Committee in addition to the completed Committee questionnaire and my responses to your staff's questions. I disclosed this information to the Committee voluntarily, and paid the taxes and any interest owed promptly. My mistakes were unintentional.

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I am available to answer any further questions you might have and look forward to coming before the Committee in the very near future to discuss the critical health and human services issues facing our country. Should I be approved by your Committee and confirmed by the Senate, I look forward to working in partnership with you both to pass meaningful legislation that will help Americans get the health reform they need and deserve and to ensure that all HHS programs and activities reflect a commitment to responding to the needs of our citizens in a manner that is compassionate, cost-effective, and transparent.

Thank you for your consideration.

Sincerely,
Tom Daschle