

# COMMODITY MARKETS OVERSIGHT COALITION

March 14, 2011

The Honorable Ron Wyden  
United States Senate  
Washington, DC 20510

Dear Senator Wyden:

The undersigned organizations are writing to express their support for the “Stop Tax-breaks for Oil Profiteering and Commodity Speculation Act,” a bill that will level the playing field between speculators and end-users of commodity futures markets. **Our organizations strongly urge the support of your colleagues in the U.S. Senate and ask that they join you by co-sponsoring this legislation.**

Our organizations appreciate your efforts to fight excessive speculation and bring greater transparency and accountability to futures markets. Energy futures markets play a vital role in the price discovery process for commodity end-users. However, the massive influx of highly leveraged non-commercial speculators in commodity futures markets has distorted supply and demand fundamentals and has wreaked havoc on commodity producers and processors, distributors, retailers, shippers, and consumers.

The “Stop Tax-breaks for Oil Profiteering and Commodity Speculation Act” will level the playing field between speculators and commercial users of futures markets. Currently, speculators are able to invest in U.S. Commodities, including oil, gasoline, heating oil, wheat, soybean, cotton, and other agricultural commodities. The bill would tax gains and losses of any non-commercial commodity speculator, such as hedge funds and index investors, the same way commercial participants are taxed as if they were ordinary gains and losses. Gains and losses for non-commercial investors are currently taxed as capital gains and losses at 15 percent rather than ordinary gains and losses that commercial users must pay. Gains made on oil, refined products and agricultural commodity investments would no longer be eligible for lower capital gains rates.

The legislation would also end tax breaks that favor tax-exempt commodity investors, like pension funds or endowments, over commercial traders. At present, tax exempt organizations and funds pay no taxes on their commodity investments. This bill would require gains from any kind of commodity trading to be defined as “unrelated business taxable income” (UBTI) and taxed at the same rate as other taxable income.

Your efforts to bring uniformity and fairness to commodity futures markets will play a vital role in restoring the American economy and our confidence in the futures markets.

We look forward to working with you as this important piece of legislation moves through the legislative process.

Sincerely,

Arkansas Oil Marketers Association  
California Black Farmers & Agriculturalists Association  
Colorado Petroleum Marketers Association & Convenience Store Association  
Empire State Petroleum Association  
Florida Petroleum Marketers & Convenience Store Association  
Food & Water Watch  
Fuel Merchants Association of New Jersey  
Gasoline & Automotive Service Dealers of America, Inc.  
Illinois Petroleum Marketers & Convenience Store Association

Independent Connecticut Petroleum Association  
Institute for Agriculture & Trade Policy  
Kentucky Petroleum Marketers Association  
Louisiana Oil Marketers & Convenience Store Association  
Massachusetts Oilheat Council  
Montana Petroleum Marketers Association  
Maine Energy Marketers Association  
National Association of Oilheating Service Managers  
National Association of Shell Marketers  
National Farmers Union  
National Grange  
National Latino Farmers & Ranchers Trade Association  
New England Fuel Institute  
New Jersey Citizen Action Oil Group  
New Mexico Petroleum Marketers Association  
New York Oil Heating Association  
North Dakota Petroleum Marketers Association  
Ohio Petroleum Marketers & Convenience Store Association  
Oil Heat Institute of Long Island  
Oil Heat Institute of Rhode Island  
Oil Heat Council of New Hampshire  
Oregon Petroleum Association  
The Organization for Competitive Markets  
Petroleum & Convenience Marketers of Alabama  
Petroleum Marketers Association of America  
Petroleum Marketers & Convenience Store Association of Kansas  
Petroleum Marketers & Convenience Stores of Iowa  
Public Citizen  
R-CALF USA  
Utah Petroleum Marketers & Retailers Association  
Vermont Fuel Dealers Association  
Western Petroleum Marketers Association  
West Virginia Oil Marketers & Grocers Association  
Wyoming Petroleum Marketers Association & Convenience Store Association