

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re	:	Chapter 11
MOTORS LIQUIDATION COMPANY; <i>et al.</i> ,	:	Case No. 09-50026 (REG)
Debtors	:	

**COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF REVENUE
JOINDER IN TEXAS COMPTROLLER’S RESPONSE TO DEBTORS’ MOTION
REGARDING ALTERNATIVE DISPUTE RESOLUTION PROCEDURES**

The Commonwealth of Pennsylvania, Department of Revenue ("Commonwealth"), by and through the Pennsylvania Office of Attorney General, Thomas W. Corbett, Jr., its counsel, JOINS in Response of Texas Comptroller to Debtors’ Motion Regarding Alternative Dispute Resolution Procedures [docket item 4860], as follows:

1. The Commonwealth is a creditor of Debtors in an amount in excess of \$4,000,000.00.
2. Most of the Commonwealth’s claim represents foreign franchise taxes due as a result of tax audits. Specifically, foreign franchise taxes due for tax years 2004 and 2005 are on appeal at Commonwealth Court, Docket Nos. 08-01324 and 08-08485, respectively. A tax audit for

foreign franchise taxes due for tax year 2006 was recently completed on or about November 19, 2009.

3. The Commonwealth has audited Debtors every year since 1984. The appeal issues have been identical over the past 20 years. Once Debtors appeal their foreign franchise tax assessments to Commonwealth Court, the matter is ultimately resolved through stipulation between the parties with minimal expense.

4. While the benefits of ADR are obvious, it is premature to proceed in this fashion regarding the Commonwealth's claim. Most of the audit appeals pending are the result of Debtors' failure to provide information requested by the Bureau of Corporation Taxes. As in previous years, once this information is provided, the Commonwealth will be in a better position to review and adjust its claims accordingly.

5. The procedure for accomplishing resolution of the tax audits is already in place. Two audit appeals are currently pending in Commonwealth Court. One audit assessment has been recently issued. To begin this process anew would result in financial hardship to the Commonwealth that does not have the funds and resources to dedicate to the ADR process.

6. The process in place at the Commonwealth Court level has proven previously to be an effective and efficient means of resolving complex tax issues. This case is no different in complexity than other cases handled by the Commonwealth, and as in years past, Debtors will find the attorneys currently in place can resolve the issues quickly with minimal costs to both the estate and the Commonwealth.

WHEREFORE, the Commonwealth of Pennsylvania, Department of Revenue respectfully requests that the court defer consideration of the implementation of the mandatory

mediation of tax audit claims. The Commonwealth also requests such further relief to which it may be entitled.

Respectfully submitted,

THOMAS W. CORBETT, JR.
ATTORNEY GENERAL

DATED: February 2, 2010

BY: /s/ Carol E. Momjian

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DECLARATION OF SERVICE

I, Carol E. Momjian, declare as follows:

On the 2nd day of February, 2010, I submitted the Commonwealth of Pennsylvania, Department of Revenue Joinder in Texas Comptroller’s Response to Debtors’ Motion Regarding Alternative Dispute Resolution Procedures through Electronic Case Filing.

A true and correct copy of the Joinder has been mailed U.S. mail, first-class, postage prepaid, to the following parties:

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Respectfully submitted,

THOMAS W. CORBETT, JR.
ATTORNEY GENERAL

DATED: February 28, 2010

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