

**Congress of the United States**  
**Washington, DC 20515**

May 16, 2003

The Honorable John Snow  
Secretary of the Treasury  
Department of Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Snow,

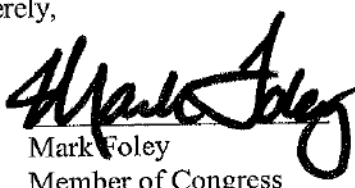
We are writing to express our concern about a proposed IRS regulation (REG-133254-02) that would force banks to report deposit interest paid to nonresident aliens. This rule would impose a harsh paperwork burden on American banks and undermine the competitiveness of U.S. financial institutions. Simply stated, international investors surely will move their funds – potentially more than \$100 billion – to banks in London, Zurich, Hong Kong, and elsewhere if the regulation is finalized.

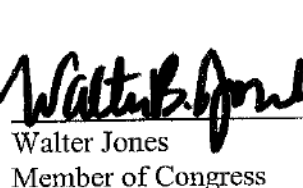
This regulation is particularly misguided since there is no need for the IRS to collect this information. For more than 80 years, Congress deliberately has chosen not to tax nonresident alien bank accounts and not to require reporting of this information. The proposed regulation is therefore not only unnecessary, but also a clear violation of congressional intent. We have no objection to government agencies making legislative recommendations, but we are deeply troubled when those agencies unilaterally change the law and undermine the democratic process.

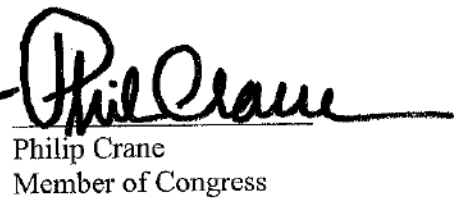
This regulation has attracted widespread opposition, and for good reason. The Federal Deposit Insurance Corporation is worried it could undermine the safety and soundness of our banking system. Taxpayer groups and think tanks fear it will undermine tax reform. The financial services industry does not want a costly regulatory burden that will make them less competitive. And the Small Business Administration is concerned that important regulatory procedures have been ignored.

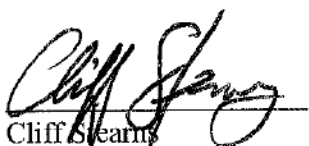
These are all valid points, but the biggest drawback is that the regulation will hurt our economy. When this regulation was first proposed at the end of the previous administration, foreigners responded in the first quarter of 2001 by withdrawing more than \$40 billion (on an annualized basis) from U.S. savings accounts. We do not know how much money will leave the U.S. banking system if the regulation actually is implemented, in part because the IRS ignored the law and failed to conduct a cost/benefit analysis. But we do know that American consumers and businesses will have less access to affordable credit. We urge you to permanently withdraw this regulation.


Sincerely,

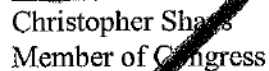
  
Mark Foley  
Member of Congress


  
Walter Jones  
Member of Congress


  
Philip Crane  
Member of Congress

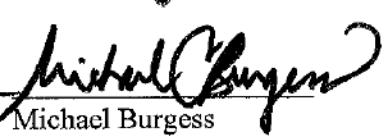
  
Cliff Stearns  
Member of Congress

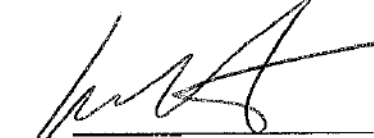
  
Randy Forbes  
Member of Congress


  
Christopher Shays  
Member of Congress


  
Allen Boyd  
Member of Congress


  
Randy "Duke" Cunningham  
Member of Congress

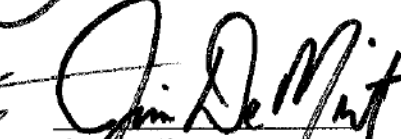
  
Michael Burgess  
Member of Congress

  
Lincoln Diaz-Balart  
Member of Congress

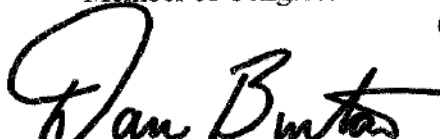
  
James Saxton  
Member of Congress

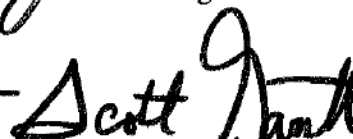
  
Ron Paul  
Member of Congress

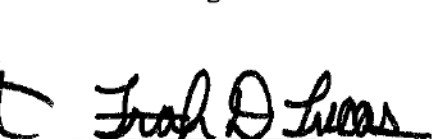
  
John Carter  
Member of Congress


  
Jim DeMint  
Member of Congress

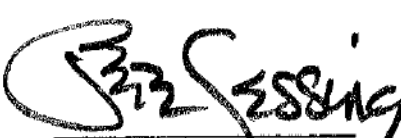
  
Rick Renzi  
Member of Congress

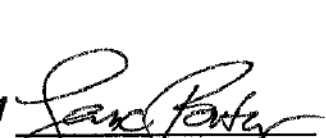
  
Dan Burton  
Member of Congress

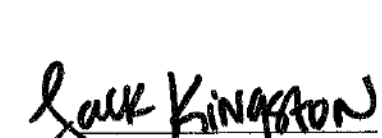
  
Scott Garrett  
Member of Congress

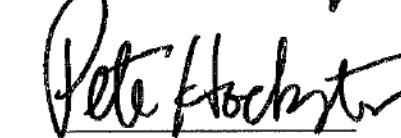
  
Frank Lucas  
Member of Congress


  
Patrick Toomey  
Member of Congress

  
Pete Sessions  
Member of Congress

  
Jon Porter  
Member of Congress

  
Jack Kingston  
Member of Congress

  
Peter Hoekstra  
Member of Congress

  
Richard Baker  
Member of Congress

Cc: Vice President Richard Cheney  
CEA Chairman Glenn Hubbard  
NEC Chairman Steve Friedman  
Deputy Chief of Staff Josh Bolten