

Dear Colleague,

I urge you to join me in asking the President to withdraw an IRS regulation first proposed by the Clinton Administration, that will drive capital from the U.S. economy at a time when we need to encourage new investments. The proposed regulation would force U.S. banks to report the interest paid to non-resident aliens, even though this information is not needed to enforce our tax law or combat illegal money laundering. It could severely undermine the pro-growth provisions of the 2001 tax cuts and any possible tax cuts Congress passes this year.

If enacted, IRS regulations (REG-133254-02) could result in as much as \$1 trillion in U.S. bank deposits that are derived from foreign investors being shifted to competing banks in other countries. This impact on the economy and the new regulatory burden on U.S. banks are two issues that the Chairman of the Federal Deposit Insurance Corporation raised concerning the IRS rule.

Most importantly, this regulation will undermine our economy if it is implemented. We should be enacting legislation boosting economic growth and stimulating new job creation. But our job will be much more difficult if the IRS uses a bureaucratic edict to overturn decades of government policy designed to attract capital.

Since the regulation may be finalized any day, the deadline for signatures is Friday January 10, 2003. If you would like to join me in helping the President reinvigorate our economy, or if you have questions about the issue, please have your office contact Brian Wild of my staff at x 5-6411 or [brian.wild@mail.house.gov](mailto:brian.wild@mail.house.gov).

Sincerely,

Rep. Pat Toomey