

**PHILIP M. CRANE**  
MEMBER OF CONGRESS  
8TH DISTRICT OF ILLINOIS

COMMITTEE ON  
WAYS AND MEANS  
(VICE CHAIRMAN)

SUBCOMMITTEE ON  
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**Congress of the United States**  
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October 1, 2002

Charles O. Rossotti  
Commissioner of Internal Revenue  
Internal Revenue Service  
Room 5226  
P. O. Box 7604, Ben Franklin Station  
Washington, DC 20044

Dear Commissioner Rossotti,

I am writing to express our deep concern about the re-release of the regulation that would require the reporting of bank deposit interest paid to nonresident aliens. If this regulation is implemented, it will drive hundreds of billions of dollars of capital out of the American economy – with no increase in revenue to the U.S. Treasury – putting further downward pressure on financial markets.

Perhaps more importantly, it will make it harder for consumer, homebuyers, and small business owners to obtain loans. This surely will happen if investors decide that America's financial system no longer has a necessary level of personal privacy. Money that would have been put to work in America instead will be deposited in Switzerland, Hong Kong, and many other financial centers around the world.

The Internal Revenue Service is supposed to enforce the tax laws approved by Congress. It is with some dismay, therefore, that I see that the Service has issued a regulation designed to overturn existing Congressional intent. On many occasions, Congress has visited this issue, and in every instance has chosen not to tax this income and not to require its reporting. The goal, clearly seen in legislative discussion, is to attract capital to the American economy where it will be used to create jobs and boost growth.

I urge you to withdraw this misguided regulation. It is not needed to enforce US tax law and it will drive capital from our economy.

Sincerely,

A handwritten signature in black ink that reads "Philip M. Crane". The signature is written in a cursive style.

Philip M. Crane  
Member of Congress