

has specialized for 110 years in trusts and investment management for individuals; members of families; and religious, educational, and charitable institutions of all kinds; and for pension and retirement funds of corporations; employee associations and labor unions; and a number of public authorities. We number among our customers many overseas financial organizations but only a very few individuals who are foreign nationals.

In this important business of the conservation and investment of funds for others, we have very close contact with individual investors abroad. From this contact we are able to say to you and your committee that it is perfectly clear to us that many foreign nationals who would like to invest in the U.S. securities markets are absolutely unwilling to do so so long as there is any estate tax on securities they may have in this country at time of death.

The problem here is not limited to the economic burden imposed on a person's estate by the U.S. estate tax, as no doubt an economic burden on the nonresident alien decedent's estate is already imposed by the inheritance and estate tax laws of his country of domicile. The thrust of the case against any U.S. estate tax is that nonresident aliens do not wish to be faced with any of the reporting and filing requirements and their related expenses to which they would become subject so long as any U.S. tax remains in effect; and, rather than face these, they prefer to avoid completely the ownership in this country of American securities.

We believe that the approach which the Treasury Department has taken in suggesting legislation to your committee which would, with respect to nonresident aliens' estates in the United States at time of death, increase the exemption and substitute for U.S. estate tax rates a lower rate schedule and would provide certain other ameliorative measures, is headed in the right direction. We applaud the Treasury objective as stated in the Department's release of March 5, 1965, entitled, "Proposed Legislation To Increase Foreign Investment in the United States," and as proposed to be carried into effect by section 8 of the bill. The only trouble is that these proposals do not go far enough to reach the goal.

We believe that the only effective measure to attract investment in the United States by nonresident foreign individuals would be to repeal the estate tax entirely. In our opinion, this is the only way by which any substantial flow of investment funds from nonresident alien individuals can be attracted to this country.

We, therefore, hope that your committee will see fit to move in the direction which the Treasury Department has pointed in its recommendation to you, but carry it through to its logical conclusion by providing for the repeal of the estate tax on nonresident alien decedents.

Although we are not in possession of the revenue figures, it is our impression that the estate tax on nonresident alien decedents does not bring any significant revenue to the Treasury at the present time. We believe that the revenue from taxes at the rates stated in your bill would likewise be insignificant. Thus, the complete repeal of these taxes would not affect the revenue in any significant way.

On the other hand, we believe that a good many hundred of millions of dollars would be invested in the U.S. securities markets by foreign