

to be exempt from the interest equalization tax where the indebtedness is acquired without an intent on the part of the purchaser to sell it to other U.S. persons. This change is to be effective with respect to acquisitions of debt obligations made after the date of enactment.

15. Interest equalization tax: certain acquisitions by insurance companies in developed countries.—The present exemption for reserve asset pools of U.S. insurance companies is extended to allow the establishment of reserve asset pools where a U.S. insurance company commences activities in a developed country or where a less-developed country is designated as a developed country. This amendment is to take effect on the day after the date of enactment.

16. Interest equalization tax: Euro-dollars.—The President is given the authority to exempt from the interest equalization tax U.S. dollar loans of more than 1 year made by the foreign branches of U.S. banks. This change is to apply to acquisitions of debt obligations made after the date of enactment.

C. PRESIDENTIAL ELECTION CAMPAIGN FUND ACT

This title provides for public support of presidential election campaign financing. Individual taxpayers are to be able to designate on their annual tax returns that \$1 of their income tax liability is to be placed in a presidential election campaign fund. The amounts in the fund are to be made available to defray the expenses incurred by political parties in presenting candidates for President and Vice President. Amounts will only be paid to those political parties whose candidates received at least 1,500,000 votes in the preceding presidential election.

A major political party (one whose candidate polled 10 million votes or more in the preceding presidential election) is to be eligible to receive a payment from the fund equal to \$1 times the number of votes cast for the presidential candidates of the major political parties in the preceding presidential election divided by the number of such major political parties. A minor party (one whose candidate polled more than 1,500,000 but less than 10 million votes) is to be eligible to receive a payment from the fund equal to \$1 for each vote in excess of 1,500,000 votes that its candidate received in the preceding presidential election. The payment received by any political party is to be limited, however, to reimbursement of presidential campaign expenses actually incurred by the party in connection with the current presidential election.

The Comptroller General is authorized to determine the campaign expenses of the political parties and to determine the amounts which may be paid to such parties. An advisory board is established to advise and assist the Comptroller General with his duties under this act.

D. MISCELLANEOUS PROVISIONS

1. Treasury bonds or certificates payable in foreign currency.—This amendment expands the debt management authority of the Secretary of the Treasury to permit the issuance of U.S. notes denominated in foreign currencies. This authority already exists in the case of bonds and certificates of indebtedness.

2. Reports on Federal contingent liabilities and assets.—This amendment requires the Secretary of the Treasury to submit a report to the Congress each year indicating the full contingent liabilities of the Federal Government and the assets of the Federal Govern-

ment which might be made available to liquidate such liabilities. The first such report is to be submitted on or before March 31, 1967.

3. Medicare: Coverage of expenses for prescribed drugs.—This amendment authorizes payments for prescribed drugs under the Medicare Act. The estimated monthly cost of \$1 per beneficiary will be shared equally by the Government and the beneficiary. Reimbursements will be made under a schedule of allowances based upon generic drug prices.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. LAUSCHE. What does the Treasury Department say about title I?

Mr. LONG of Louisiana. The Treasury thoroughly approves of title I.

Mr. LAUSCHE. Does title I's general objective contemplate removing what are supposed to be inequities imposed upon aliens, as distinguished from the tax burden placed upon nationals of the United States?

Mr. LONG of Louisiana. Yes. It proposes to tax nonresident aliens and foreign corporations upon a more equitable basis. In other words these foreign persons would be placed in a position more in line with what their tax treatment might be in other countries, where they might consider putting their money.

Mr. LAUSCHE. Then the objective is to induce foreign investors to come to the United States and invest their money here, and be assured that there will not be burdensome discriminatory taxes imposed upon them, as distinguished from the load that is placed upon our own nationals?

Mr. LONG of Louisiana. Yes. The purpose of title I is twofold as the Senator has indicated. It is, one, to provide greater tax equity to foreigners who invest their money in the United States; and, two, it is intended to encourage them to invest their money here rather than somewhere else. Additionally, the House added provisions which would actually cause some nonresident aliens and foreign corporations to pay more taxes than they paid before, in situations where we have given foreigners a better tax treatment than we give our own citizens.

Mr. LAUSCHE. By adopting a tax bill that will be an inducement to foreign investors to come to the United States, would we or would we not be lessening the burden of the outflow of our gold?

Mr. LONG of Louisiana. We would be improving our balance-of-payments situation, and we would be decreasing the outflow of gold.

Mr. LAUSCHE. Mr. President, efforts are being made to dissuade American dollars from being invested in foreign countries. This provision would be an inducement to foreign holders of our money to invest in the United States.

Mr. LONG of Louisiana. The Senator is correct.