

By Senator Flores

38-01477B-11

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Senate Memorial

A memorial to the Congress of the United States, urging Congress to direct the Department of the Treasury to withdraw a proposed rule on deposits made by nonresident aliens and to examine the proposed rule for negative effects.

WHEREAS, Florida is known as the "Gateway to the Americas" and, as such, has promoted international trade and finance, and

WHEREAS, the United States has had longstanding policies encouraging nonresident aliens to deposit their funds into financial institutions in the United States so that these funds may be used to foster growth, encourage economic development, and create jobs in Florida and the United States, and

WHEREAS, federal law does not permit the taxation of nonresident alien deposit accounts, and

WHEREAS, the United States Commerce Department has stated that foreigners have deposited nearly \$3 trillion in banks and with securities brokers in the United States, and

WHEREAS, this policy has lead to the deposit of tens of billions of dollars by nonresident aliens in banks in this state, and

WHEREAS, the Treasury Department has issued a proposed Internal Revenue Service regulation, REG-146097-09, which will require financial institutions in the United States and in this state to report interest earned on deposits made by nonresident aliens, so that this information can be reported to the nonresident alien's home country, and

WHEREAS, many nonresident alien accounts located in banks

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30 in this state were established by Latin Americans who do not
31 trust the privacy of the financial institutions in their home
32 countries, are afraid of kidnappings and extortion when funds
33 are domestically deposited, and are so concerned with the
34 viability of the economies of their home countries that they
35 have moved their money to the safety and soundness of this
36 nation's financial system, and

37 WHEREAS, adoption of the rule would place financial
38 institutions in the United States and in Florida at a
39 competitive disadvantage relative to the banks of foreign
40 countries and will result in significant withdrawals of foreign
41 deposits from our financial institutions, and

42 WHEREAS, the withdrawal of these nonresident alien deposits
43 from Florida financial institutions will drive job-creating
44 capital out of Florida and cause a further and deepening banking
45 and economic crisis in Florida and the United States, NOW,
46 THEREFORE,

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48 Be It Resolved by the Legislature of the State of Florida:

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50 That the Congress of the United States is urged to direct
51 the Department of the Treasury to withdraw proposed Internal
52 Revenue Service regulation REG-146097-09.

53 BE IT FURTHER RESOLVED that the Congress of the United
54 States is urged to hold hearings to examine the negative effects
55 of the proposed rule on the economy of the United States and
56 Florida and the cost of the proposed rule to financial
57 institutions.

58 BE IT FURTHER RESOLVED that copies of this memorial be

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59 dispatched to the President of the United States, to the
60 President of the United States Senate, to the Speaker of the
61 United States House of Representatives, and to each member of
62 the Florida delegation to the United States Congress.