

MEMO# 2986

August 7, 1991

HOUSE ANNOUNCES HEARINGS ON BILL TO REPEAL THE 30 PERCENT TEST

August 7, 1991 TO: FEDERAL LEGISLATION MEMBERS NO. 14-91 FEDERAL LEGISLATION COMMITTEE NO. 15-91 RE: HOUSE ANNOUNCES HEARINGS ON BILL TO REPEAL THE 30 PERCENT TEST _____ The House Ways and Means Select Revenues Subcommittee has scheduled a September 17 hearing on H.R. 2735, a bill that includes repeal of the so-called "short-short" test, sponsored by a bipartisan group of Ways and Means Committee members led by Chairman Dan Rostenkowski (D-IL). The Institute is scheduled to testify. In addition to effecting the repeal of the 30-percent test, the bill would require reporting of basis information to shareholders on accounts opened on or after January 1, 1993, and clarify treatment of reimbursed expenses. In announcing the hearings, Subcommittee Chairman Charles Rangel (D-NY) stated, "Mutual funds have experienced dynamic growth since their inception in this country in the 1920s. In the last decade, the combined assets of all mutual funds has increased from \$130 billion to over \$1 trillion. They have become the nation's third largest type of financial institution." Chairman Rangel said his Subcommittee is considering the bill because "some have argued that the tax treatment of mutual funds and their shareholders has not kept pace with changes in the industry." Please call if you wish further information. We will keep you informed of further developments. This memo can also be found on FUNDS, the Institute's Fund User Network and Delivery System, under Legislative Affairs, Washington Update. Julie Domenick Vice President Legislative Affairs

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