May 22, 2003

The Honorable Charles E. Grassley
Chairman
Senate Finance Committee
219 Senate Dirksen Office Building
Washington, D.C. 20515

The Honorable Max Baucus
Ranking Minority Member
Senate Finance Committee
219 Senate Dirksen Office Building
Washington, D.C. 20515

Re:  S.1054: Proposed Repeal of the Foreign Earned Income Exclusion

Dear Senators Grassley and Baucus:

I am writing on behalf of the Section of Taxation of the American Bar Association to urge that Section 350 of the Senate-passed Jobs and Growth Tax Relief Reconciliation Act of 2003 (S.1054) be removed from any finally enacted legislation. The views expressed herein represent the position of the Section of Taxation and have not been approved by the House of Delegates or the Board of Governors of the American Bar Association. Accordingly, they should not be construed as representing the position of the American Bar Association.

Many of the provisions included in S.1054 would have a substantial economic impact on large numbers of taxpayers. However, certain of these provisions have not been the subject of a public hearing; nor has adequate time or attention been given to considering the full consequences of their adoption. The Section of Taxation strongly believes that these provisions should not be included in any ultimately enacted tax legislation for this session, absent a more deliberative process in which affected taxpayers, stakeholder groups and governmental agencies are given an opportunity to testify and submit comments.

A prime example of our concern in this regard is Section 350 of S.1054, which would repeal the longstanding foreign earned income and housing expense exclusions contained in section 911 of the Internal Revenue Code. The elimination of these exclusions could have significant adverse consequences for millions of Americans who work abroad and the companies that employ these individuals. A change of this magnitude should be implemented only after full analysis and deliberation of the proposal from a technical and tax simplification standpoint, and also from the perspective of relevant tax, economic and international policy considerations.
We therefore respectfully urge that Section 350 be removed from the presently pending legislation for later and more careful deliberation by the Congress through a full process of hearings and debate.

We appreciate your consideration of these comments. Representatives of the Section would be pleased to discuss them in further detail with you or members of your respective staffs. Please contact William J. Wilkins, the Section’s Vice Chair for Government Relations, at (202) 663-6204, if that might be helpful.

Very truly yours,

[Signature]
Herbert N. Beller
Chair, Section of Taxation

cc: Bill Thomas, Chairman, House Ways and Means Committee
Charles B. Rangel, Ranking Democrat, House Ways and Means Committee
Pamela Olson, Assistant Secretary of Tax Policy, Department of Treasury
George Yin, Chief of Staff, Joint Committee on Taxation
Robert Winters, Republican Chief Tax Counsel, Ways and Means Committee
John Buckley, Democratic Chief Tax Counsel, Ways and Means Committee
Mark Prater, Republican Chief Tax Counsel, Senate Finance Committee
Russell Sullivan, Democratic Chief Tax Counsel, Senate Finance Committee