Department of the Treasury

PRESS RELEASES

The following numbers were not used:
371 and 388

Number 189 and 212 are not available.

Number 405 (dated 6-4-2001) is listed on the June Index

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 02, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	April 05, 2001
Maturity Date:	July 05, 2001
CUSIP Number:	912795HA2

High Rate: 4.125% Investment Rate 1/: 4.228% Price: 98.957

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 32%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 19,788,630	$ 7,511,130
Noncompetitive	1,335,514	1,335,514
FIMA (noncompetitive)	155,000	155,000
SUBTOTAL	21,279,144	9,001,644 2/
Federal Reserve	4,854,314	4,854,314
TOTAL	$ 26,133,458	$ 13,855,958

Median rate 4.100%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.070%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 21,279,144 / 9,001,644 = 2.36

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,058,058,000

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 02, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	April 05, 2001
Maturity Date:	October 04, 2001
CUSIP Number:	912795HR5

High Rate: 4.020% Investment Rate 1/: 4.160% Price: 97.968

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 21%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 17,317,630	$ 6,910,230
Noncompetitive	1,091,339	1,091,339
SUBTOTAL	18,408,969	8,001,569 2/
Federal Reserve	4,307,692	4,307,692
TOTAL	$ 22,716,661	$ 12,309,261

Median rate 3.960%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.945%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 18,408,969 / 8,001,569 = 2.30
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $867,080,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

April 2, 2001
For Immediate Release

Contact: Tara Bradshaw
(202)622-2960

JEFFREY H. PARAVANO JOINS OFFICE OF TAX POLICY AT THE TREASURY DEPARTMENT

Today, Jeffrey H. Paravano joined the Office of Tax Policy as Senior Advisor to Mark Weinberger, Assistant Secretary (Tax Policy). In that position, Paravano is responsible for providing advice on a variety of tax policy issues of interest to the Secretary and Assistant Secretary, including technical and legal advice on legislation to amend, revise, and reform the Internal Revenue Code.

"We are extremely pleased to have Jeff on board. He brings a wealth of experience and expertise in a wide variety of tax issues," Weinberger stated.

Prior to joining Treasury, Paravano was a Tax Partner at Baker & Hostetler LLP. He has a broad tax background covering corporate, partnership and venture capital transactions, tax controversy, taxation of banks and real estate investment trusts, and domestic and cross-border tax planning. For six years, he has been an adjunct professor of law in the LL.M. tax program at Case Western Reserve University Law Center, teaching classes in corporate taxation, taxation of property transactions, and tax procedure and research methods. He was Vice-Chair to the American Bar Association Tax Section's Affiliated and Related Committee, a member of the Editorial Advisory Boards of Corporate Business Taxation Monthly and The Tax Adviser, and Chair of the Cleveland International Tax Forum. He was written and lectured extensively on tax topics and is co-author of the Tax Management Portfolio on Corporate Tax Shelters, T.M. 798, to be released in 2001.

Paravano has an undergraduate degree in accounting, cum laude, from John Carroll University. He received his law degree, magna cum laude, from Georgetown where he was Editor-in-Chief of The Tax Lawyer, and holds an LL. M. in taxation, with distinction, also from Georgetown. Paravano is admitted to practice in New York, Connecticut, Ohio, Colorado, Maryland, and Washington, D.C.
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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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April 2, 2001
For Immediate Release

Contact: Tara Bradshaw
(202)622-2960

WILLIAM F. SWEETNAM, JR JOINS OFFICE OF TAX POLICY AT THE TREASURY DEPARTMENT

Today, William F. Sweetnam, Jr. joined the Office of Tax Policy as an Associate Benefits Tax Counsel. As part of the Office of the Benefits Tax Counsel, Sweetnam is responsible for providing Assistant Secretary (Tax Policy) Mark Weinberger with policy analysis and advice on all aspects of employee benefits taxation and related matters including qualified retirement plans, Employee Stock Ownership Plans, employee welfare plans, health and long term care benefits, social security taxes, and executive compensation.

"We are very fortunate to have an individual with Bill's experience in employee tax benefits join the Benefits Tax Counsel team," stated Weinberger.

Prior to his appointment, Sweetnam was Tax Counsel with the Majority Staff of the U.S. Senate Committee on Finance, responsible for issues dealing with retirement plans and other retirement savings vehicles (such as IRAs), medical and other employee benefits, compensation matters, insurance, and tax-exempt organizations. Prior to his service with the Committee, Sweetnam was a technical consultant in the Vahalla, New York, office of Towers Perin, an internationally-based benefit and compensation consulting firm. He previously was Chief Counsel, Tax and ERISA at Sunoco, Inc., an energy company headquartered in Philadelphia.

Sweetnam is a graduate of Rutgers University and holds a J.D. degree from Fordham University School of Law. He is a member of the New York and Pennsylvania Bar. As author of a several articles, including Statutory Stock Options, BNA Tax Portfolio No. 381 (1991), Sweetnam is a frequent speaker and lecturer on employee benefits issues. Sweetnam resides in the District of Columbia.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

For Release Upon Delivery
March 30, 2001

STATEMENT OF PAUL H. O'NEILL SECRETARY DEPARTMENT OF THE TREASURY TO THE HOUSE GOVERNMENT REFORM SUBCOMMITTEE ON GOVERNMENT EFFICIENCY, FINANCIAL MANAGEMENT AND INTERGOVERNMENTAL RELATIONS U. S. HOUSE OF REPRESENTATIVES FINANCIAL REPORT OF THE UNITED STATES GOVERNMENT FISCAL YEAR 2000

Mr. Chairman and members of the Subcommittee, I am pleased to submit a statement today on the Financial Report of the United States Government. I would like to thank you, Mr. Chairman, Ms. Schakowsky, and other members of the Subcommittee for focusing on improving Federal Government financial accountability and reporting.

While the fiscal year 2000 Financial Report meets the statutory deadline again this year, I believe that reporting financial results 6 months after the close of a fiscal year is simply not good enough. While incremental progress is being made each year by the Federal financial management community, incremental progress will not move us forward quickly enough to close what I see as the gap between the current state of financial management and a condition that would adequately meet our responsibilities to the American people.

I believe that we need to establish some challenging objectives for governmental financial management; objectives that parallel those found in the private sector that will force people to think creatively. We should start with the amount of time it takes to close our books. When I was in the private sector, we closed the books and had an audit opinion in 3 working days. We need the Government to establish a similar goal. This will force Government to look at the closing process differently than it does today. It will require transaction-based systems to produce the reports, instead of the after-the-fact accounting we utilize today. It will also require the establishment of more frequent agency reporting. In short, it will go a long way toward making Governmental accounting more useful, both to agency management and to Congress by improving the quality of the data.

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In order to achieve this goal, we need to work together as a government. Treasury can lead this effort, but the agencies are the key to success. We need to do 3 things now. First, we need agencies to identify short-term process improvements to reduce the closing time. Second, in the longer term, we need to reexamine our overall financial management process to look for ways changes to our systems can help. Finally, Treasury, in conjunction with the Office of Management and Budget (OMB) and the General Accounting Office (GAO), will conduct a comprehensive review of the financial statement production process to establish the specific goals for the timing of future financial reporting and to build goals for the content of the reports so that they will become more meaningful.

I want to emphasize one previous point. We must expand the audience for our reports by making them more useful. Looking through this year's report I see a number of ways that it could be improved. First, it has too much information in many areas and not enough in others. No one will take the time to wade through all this supplementary data. The report needs to be put on a serious diet. Second, all reports need a reference point. Financial statements without comparative results are meaningless. We need to add last year's amounts to our reports. Third, we need to find ways to include detail schedules to show the financial results of each component unit. Finally, the Government should directly track and report agency progress toward meeting important financial management goals in areas such as internal controls, and transaction processing.

I believe that the work that has been done to date is valuable and is an important starting point. Together we should improve these reports to become more useful both within the Executive Branch management and to Congress. Mr. Hammond's statement addresses many of our challenges and concerns in greater detail.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 04/04/01

The Treasury Department today released U.S. reserve assets data for the week ending March 30, 2001. As indicated in this table, U.S. reserve assets totaled $63,719 million as of March 30, 2001, down from $65,283 million as of March 23, 2001.

(in US millions)

I. Official U.S. Reserve Assets		March 23, 2001			March 30, 2001		
	TOTAL	65,283			63,719		
1. Foreign Currency Reserves		Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities		5,319	10,746	16,065	5,240	10,497	15,738
Of which: issuer headquartered in the U.S.				0			0
b. Total deposits with:							
b.i. Other central banks and BIS		8,958	4,652	13,610	8,834	4,544	13,378
b.ii. Banks headquartered in the U.S.				0			0
b.ii. Of which, banks located abroad				0			0
b.iii. Banks headquartered outside the U.S.				0			0
b.iii. Of which, banks located in the U.S.				0			0
2. IMF Reserve Position [2]				13,741			*13,179*
3. Special Drawing Rights (SDRs) [2]				10,821			*10,379*
4. Gold Stock [3]				11,046			11,046
5. Other Reserve Assets				0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for March 23 are final. The entries in the table above for March 30 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of February 28, 2001. The January 31, 2001 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	March 23, 2001	March 30, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	March 23, 2001	March 30, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM
April 5, 2001

Contact: Peter Hollenbach
(202) 691-3502

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR MARCH 2001

The Bureau of the Public Debt announced activity for the month of March 2001, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$2,146,612,860
Held in Unstripped Form	$1,966,926,547
Held in Stripped Form	$179,686,313
Reconstituted in March	$16,854,720

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table V of the Monthly Statement of Treasury Securities, entitled "Holdings of Treasury Securities in Stripped Form."

The Strips Table along with the new Monthly Statement of Treasury Securities is available on Public Debt's Internet site at: **www.publicdebt.treas.gov**. A wide range of information about the public debt and Treasury securities is also available at the site.

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PO-132

TABLE V - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, MARCH 31, 2001

Loan Description			Corpus STRIP CUSIP	Maturity Date	Amount Outstanding in Thousands			Reconstituted This Month
					Total Outstanding	Portion Held in Unstripped Form	Portion Held in Stripped Form	
Treasury Bonds:								
CUSIP:		Interest Rate:						
912810 DM7		11-5/8	912803 AB9	11/15/04	8,301,806	4,529,006	3,772,800	134,400
DQ8		12	AD5	05/15/05	4,260,758	1,825,308	2,435,450	140,950
DR6		10-3/4	AG8	08/15/05	9,269,713	5,815,313	3,454,400	21,600
DU9		9-3/8	AJ2	02/15/06	4,755,916	4,637,828	118,088	1,600
DN5		11-3/4	912800 AA7	11/15/14	6,005,584	1,991,184	4,014,400	168,000
DP0		11-1/4	912803 AA1	02/15/15	11,350,799	5,937,524	5,413,275	675,520
DS4		10-5/8	AC7	08/15/15	5,105,916	3,391,036	1,714,880	258,880
DT2		9-7/8	AE3	11/15/15	5,890,859	3,217,259	2,673,600	384,000
DV7		9-1/4	AF0	02/15/16	6,347,754	6,029,354	318,400	275,200
DW5		7-1/4	AH6	05/15/16	18,823,551	18,678,151	145,400	371,400
DX3		7-1/2	AK9	11/15/16	18,824,448	17,544,048	1,280,400	410,880
DY1		8-3/4	AL7	05/15/17	16,621,669	9,787,029	6,834,640	485,760
DZ8		8-7/8	AM5	08/15/17	12,674,358	10,585,958	2,088,400	1,180,400
EA2		9-1/8	AN3	05/15/18	7,217,439	3,195,039	4,022,400	113,600
EB0		9	AP8	11/15/18	7,639,470	3,246,070	4,393,400	235,800
EC8		8-7/8	AQ6	02/15/19	16,330,298	11,358,998	4,971,300	1,444,800
ED6		8-1/8	AR4	08/15/19	19,315,932	18,113,052	1,202,880	180,800
EE4		8-1/2	AS2	02/15/20	9,888,268	8,386,768	1,501,500	186,100
EF1		8-3/4	AT0	05/15/20	8,253,783	3,425,623	4,828,160	607,360
EG9		8-3/4	AU7	08/15/20	18,638,306	9,634,066	9,004,240	644,080
EH7		7-7/8	AV5	02/15/21	10,254,573	9,440,173	814,400	260,800
EJ3		8-1/8	AW3	05/15/21	10,673,788	6,655,388	4,018,400	642,720
EK0		8-1/8	AX1	08/15/21	10,503,482	9,242,602	1,260,880	436,160
EL8		8	AY9	11/15/21	31,432,194	13,993,494	17,438,700	1,802,050
EM6		7-1/4	AZ6	08/15/22	10,242,790	9,452,390	790,400	211,200
EN4		7-5/8	BA0	11/15/22	8,499,626	3,834,026	4,665,600	166,400
EP9		7-1/8	BB8	02/15/23	17,004,061	9,571,261	7,432,800	349,600
EQ7		6-1/4	BC6	08/15/23	22,659,044	18,944,676	3,714,368	81,568
ES3		7-1/2	BD4	11/15/24	9,864,162	3,781,122	6,083,040	547,680
ET1		7-5/8	BE2	02/15/25	10,869,170	3,489,970	7,379,200	836,800
EV6		6-7/8	BF9	08/15/25	11,715,207	7,250,247	4,464,960	35,200
EW4		6	BG7	02/15/26	12,837,916	11,294,616	1,543,300	124,200
EX2		6-3/4	BH5	08/15/26	10,303,418	7,597,018	2,706,400	624,800
EY0		6-1/2	BJ1	11/15/26	11,298,177	6,236,977	5,061,200	204,000
EZ7		6-5/8	BK8	02/15/27	10,210,971	6,522,971	3,688,000	115,200
FA1		6-3/8	BL6	08/15/27	10,195,756	8,782,956	1,412,800	148,800
FB9		6-1/8	BM4	11/15/27	22,326,339	14,793,539	7,532,800	470,400
FE3		5-1/2	BP7	08/15/28	11,776,201	11,265,801	510,400	111,200
FF0		5-1/4	BV4	11/15/28	10,947,052	10,531,052	416,000	103,200
FG8		5-1/4	BW2	02/15/29	11,350,341	11,002,341	348,000	25,600
FJ2		6-1/8	CG6	08/15/29	11,178,580	11,085,980	92,600	32,000
FM5		6-1/4	CH4	05/15/30	17,043,162	17,021,146	22,016	0
FP8		5-3/8	CK7	02/15/31	10,886,993	10,886,993	0	0
Total Treasury Bonds....................					519,589,630	374,005,353	145,584,277	15,270,708
Treasury Inflation-Indexed Notes:								
CUSIP:	Series:	Interest Rate:						
912827 3A8	J	3-5/8	912820 BZ9	07/15/02	18,383,052	18,383,052	0	0
2M3	A	3-3/8	BV8	01/15/07	17,411,928	17,411,928	0	0
3T7	A	3-5/8	CL9	01/15/08	18,217,332	18,108,970	108,362	0
4Y5	A	3-7/8	DN4	01/15/09	16,975,332	16,975,332	0	0
5W8	A	4-1/4	EK9	01/15/10	11,779,802	11,779,802	0	0
6R8	A	3-1/2	GA9	01/15/11	6,036,261	6,036,261	0	0
Total Inflation-Indexed Notes.................					88,803,706	88,695,344	108,362	0
Treasury Inflation-Indexed Bonds:								
CUSIP:		Interest Rate:						
912810 FD5		3-5/8	912803 BN2	04/15/28	18,193,160	18,193,160	0	0
FH6		3-7/8	CF8	04/15/29	21,002,266	20,895,775	106,491	0
Total Inflation-Indexed Bonds..............					39,195,426	39,088,935	106,491	0

TABLE V - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, MA[redacted]

Loan Description			Corpus STRIP CUSIP	Maturity Date	Amount Outstanding in Thousands: Total Outstanding	Portion Held in Unstripped Form	Portion Held in Stripped Form	Reconstituted This Month
Treasury Notes:								
CUSIP	Series:	Interest Rate						
912827 X64	H	6-1/4	912820 FB8	04/30/01	13,780,470	13,780,470	0	0
5E8	X	5	DT1	04/30/01	21,033,523	21,031,123	2,400	0
A85	B	8	BA4	05/15/01	12,398,083	7,041,008	5,357,075	27,300
4E9	T	5-5/8	CX3	05/15/01	12,873,752	12,873,752	0	0
Y22	J	6-1/2	FD4	05/31/01	13,721,702	13,715,702	6,000	0
5H1	Y	5-1/4	DW4	05/31/01	19,885,985	19,785,985	100,000	0
Y48	K	6-5/8	FE2	06/30/01	14,282,240	14,282,240	0	0
5J7	Z	5-3/4	DX2	06/30/01	19,001,309	18,995,709	5,600	0
Y71	L	6-5/8	FF9	07/31/01	14,136,833	14,136,833	0	0
5L2	AB	5-1/2	DY0	07/31/01	20,541,318	20,083,318	458,000	0
B92	C	7-7/8	BB2	08/15/01	12,339,185	7,304,185	5,035,000	33,600
Z39	M	6-1/2	FG7	08/31/01	14,000,224	13,986,624	13,600	0
5P3	AC	5-1/2	EB9	08/31/01	20,118,595	20,118,595	0	0
Z54	N	6-3/8	FH5	09/30/01	14,518,514	14,480,114	38,400	0
5Q1	AD	5-5/8	EC7	09/30/01	18,797,828	18,297,028	500,800	0
Z88	P	6-1/4	FJ1	10/31/01	14,639,843	14,639,843	0	0
5R9	AE	5-7/8	ED5	10/31/01	19,196,002	19,194,402	1,600	0
D25	D	7-1/2	BC0	11/15/01	24,226,102	19,485,222	4,740,880	843,000
2C5	Q	5-7/8	EG8	11/30/01	33,504,627	33,499,827	4,800	0
2E1	R	6-1/8	EJ2	12/31/01	31,166,321	31,083,121	83,200	0
2G6	C	6-1/4	FK8	01/31/02	13,453,346	13,398,338	55,008	0
5X6	R	6-3/8	EL7	01/31/02	19,381,251	19,381,251	0	0
2L5	D	6-1/4	FL6	02/28/02	13,799,902	13,799,902	0	0
6A5	S	6-1/2	EN3	02/28/02	16,563,375	16,531,775	31,600	0
2P6	E	6-5/8	FM4	03/31/02	14,301,310	14,278,910	22,400	25,600
6B3	T	6-1/2	EP8	03/31/02	17,237,943	17,235,543	2,400	0
2S0	F	6-5/8	FN2	04/30/02	14,474,673	14,474,673	0	0
6C1	U	6-3/8	EQ6	04/30/02	17,390,900	17,390,900	0	0
F49	A	7-1/2	BD8	05/15/02	11,714,397	7,755,917	3,958,480	127,440
2W1	G	6-1/2	FP7	05/31/02	13,503,890	13,503,890	0	0
6E7	V	6-5/8	ES2	05/31/02	14,871,823	14,849,423	22,400	0
2Y7	H	6-1/4	FQ5	06/30/02	13,058,694	13,058,694	0	0
6F4	W	6-3/8	ET0	06/30/02	14,320,609	14,318,609	2,000	0
3C4	K	6	FR3	07/31/02	12,231,057	12,231,057	0	0
6H0	X	6-1/4	EU7	07/31/02	15,057,900	15,057,900	0	0
G55	B	6-3/8	BE6	08/15/02	23,859,015	20,110,215	3,748,800	80,000
3G5	L	6-1/4	FS1	08/31/02	12,731,742	12,731,742	0	0
6K3	Y	6-1/8	FU6	08/31/02	15,072,214	15,072,214	0	0
3J9	M	5-7/8	CC9	09/30/02	12,806,814	12,768,414	38,400	0
6L1	Z	6	FV4	09/30/02	15,144,335	15,144,335	0	0
3L4	N	5-3/4	CE5	10/31/02	26,593,892	26,534,692	59,200	0
3Q3	P	5-3/4	CH8	11/30/02	12,120,580	11,831,780	288,800	2,400
6P2	AC	5-5/8	FY8	11/30/02	15,058,528	14,990,688	67,840	0
3S9	Q	5-5/8	CK1	12/31/02	12,052,433	11,667,793	384,640	0
6Q0	AD	5-1/8	FZ5	12/31/02	14,822,027	14,822,027	0	0
3V2	C	5-1/2	CN5	01/31/03	13,100,640	13,100,640	0	0
6S6	L	4-3/4	GB7	01/31/03	15,452,604	15,452,604	0	0
J78	A	6-1/4	BF3	02/15/03	23,562,691	22,376,195	1,186,496	124,992
3Z3	D	5-1/2	CS4	02/28/03	13,670,354	13,626,354	44,000	0
6U1	M	4-5/8	GD3	02/28/03	14,685,095	14,685,095	0	0
4B5	E	5-1/2	CU9	03/31/03	14,172,892	14,172,092	800	0
4D1	F	5-3/4	CW5	04/30/03	12,573,248	12,573,248	0	0
4H2	G	5-1/2	DA2	05/31/03	13,132,243	13,103,843	28,400	0
4K5	H	5-3/8	DC8	06/30/03	13,126,779	13,125,179	1,600	0
L83	B	5-3/4	BG1	08/15/03	28,011,028	26,754,228	1,256,800	196,000
4N9	J	5-1/4	DE4	08/15/03	19,852,263	19,742,663	109,600	0
4U3	K	4-1/4	DJ3	11/15/03	18,625,785	18,266,585	359,200	0
N81	A	5-7/8	BH9	02/15/04	12,955,077	12,484,477	470,600	14,400
5A6	E	4-3/4	DQ7	02/15/04	17,823,228	17,823,228	0	25,600
P89	B	7-1/4	BJ5	05/15/04	14,440,372	13,841,172	599,200	16,000
5F5	F	5-1/4	DU8	05/15/04	18,925,383	18,925,383	0	0
Q88	C	7-1/4	BK2	08/15/04	13,346,467	11,808,067	1,538,400	14,400
5M0	G	6	DZ7	08/15/04	18,089,806	18,089,806	0	0
R87	D	7-7/8	BL0	11/15/04	14,373,760	14,368,960	4,800	0
5S7	H	5-7/8	EE3	11/15/04	32,658,145	32,658,145	0	0
S86	A	7-1/2	BM8	02/15/05	13,834,754	13,209,314	625,440	19,680
T85	B	6-1/2	BN6	05/15/05	14,739,504	14,739,104	400	0
6D9	E	6-3/4	ER4	05/15/05	28,562,370	28,562,370	0	0
U83	C	6-1/2	BP1	08/15/05	15,002,580	15,002,580	0	0
V82	D	5-7/8	BQ9	11/15/05	15,209,920	14,710,720	499,200	11,200
6N7	F	5-3/4	FX0	11/15/05	28,062,697	28,062,697	0	0
W81	A	5-5/8	BR7	02/15/06	15,513,587	15,491,107	22,480	0
X80	B	6-7/8	BS5	05/15/06	16,015,475	15,676,755	338,720	13,600
Y55	C	7	BT3	07/15/06	22,740,446	22,740,446	0	0
Z62	D	6-1/2	BU0	10/15/06	22,459,675	22,459,675	0	0
2J0	B	6-1/4	BW6	02/15/07	13,103,678	12,978,814	124,864	1,600
2U5	C	6-5/8	BX4	05/15/07	13,958,186	13,713,386	244,800	0
3E0	D	6-1/8	CA3	08/15/07	25,636,803	25,220,803	416,000	4,800
3X8	B	5-1/2	CQ8	02/15/08	13,583,412	13,571,812	11,600	800
4F6	C	5-5/8	CY1	05/15/08	27,190,961	27,046,001	144,960	0
4V1	D	4-3/4	DK0	11/15/08	25,083,125	25,000,725	82,400	1,600
5G3	B	5-1/2	DV6	05/15/09	14,794,790	14,288,390	506,400	0
5N8	C	6	EA1	08/15/09	27,399,894	27,351,594	48,300	0
5Z1	B	6-1/2	EM5	02/15/10	23,355,709	23,163,309	192,400	0
6J6	C	5-3/4	FT9	08/15/10	22,437,594	22,437,594	0	0
6T4	B	5	GC5	02/15/11	11,975,972	11,975,972	0	0
Total Treasury Notes					1,499,024,098	1,465,136,915	33,887,183	1,584,012
Grand Total					2,146,612,860	1,966,926,547	[redacted]	[redacted]

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
April 5, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $17,000 million to refund $22,884 million of publicly held securities maturing April 12, 2001, and to pay down about $5,884 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $10,814 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,018 million into the 13-week bill and $1,135 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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Attachment

PO-133

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED APRIL 12, 2001

April 5, 2001

<u>Offering Amount</u>	$9,000 million	$8,000 million
<u>Description of Offering:</u>		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 HC 8	912795 GS 4
Auction date	April 9, 2001	April 9, 2001
Issue date	April 12, 2001	April 12, 2001
Maturity date	July 12, 2001	October 11, 2001
Original issue date	January 11, 2001	April 12, 2001
Currently outstanding	$15,428 million	---
Minimum bid amount and multiples	$1,000	$1,000

<u>The following rules apply to all securities mentioned above:</u>

<u>Submission of Bids:</u>

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

<u>Maximum Recognized Bid at a Single Rate</u> .... 35% of public offering

<u>Maximum Award</u> .... 35% of public offering

<u>Receipt of Tenders:</u>

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

<u>Payment Terms:</u> By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

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EMBARGOED UNTIL 2:30 P.M.
April 5, 2001

CONTACT: Office of Financing
202/691-3550

APRIL HOLIDAY SCHEDULE FOR TREASURY'S WEEKLY BILL ANNOUNCEMENT

Due to an early market closing on Thursday, April 12, 2001, Treasury will release its announcement of weekly bills at 12:00 noon that day.

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PO-134

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

For Immediate Release
April 6, 2001

Contact: Tara Bradshaw
(202) 622-2960

MEDIA ADVISORY:
DEPARTMENT OF THE TREASURY TECHNICAL BRIEFING ON TAX RELIEF PROPOSALS IN THE PRESIDENT'S FY '02 BUDGET

This is a Background Briefing. Pen and Pad Only. No Cameras will be Admitted.

WHO: Assistant Secretary for Tax Policy Mark Weinberger and other Treasury Tax Policy Staff

WHAT: A background briefing on all the elements of the President's tax relief plan. This session will provide a synopsis of the tax relief plan and will also allow for a Question and Answer session with Tax Policy staff.

WHEN: Monday, April 9th at 11:00 a.m.

WHERE: Diplomatic Reception Room (3rd floor, Room 3311)
U.S. Department of Treasury
1500 Pennsylvania Ave., NW (Please use Visitor's Entrance on 15th Street)

Media without Treasury or White House press credentials planning to attend should contact Treasury's Office of Public Affairs at (202) 622-2960 with the following information: full name, organization, social security number and date of birth. This information may also be faxed to (202) 622-1999.

PO-135

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TREASURY NEWS

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For Immediate Release
Friday, April 6th, 2001

Contact: Treasury Public Affairs
202-622-2960

TREASURY SECRETARY TO DELIVER POST-CABINET MEETING REMARKS

Treasury Secretary Paul O'Neill will participate in a brief stakeout on the Bell entrance steps of the Treasury Department to remark on the President's budget and tax relief plan.

Location:	The Treasury Department, Bell Entrance Steps
Date:	Monday, April 9th
Time:	10:00 am *(This is an approximate time that could be moved up or back based on the duration of the Cabinet Meeting. Thank you in advance for your understanding)*

PO-136

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FOR IMMEDIATE RELEASES
Friday, April 6, 2001

Contact: Public Affairs
(202) 622-2960

O'NEILL CONGRATULATES SENATE ON BIPARTISAN SUPPORT FOR MEANINGFUL TAX RELIEF

Treasury Secretary Paul O'Neill made the following statement after Senate passage of the FY02 budget resolution:

Tax reform, one of the major elements of the President's policy prescription for America, took another important step forward today as the Senate voted to support a budget including $1.3 trillion in tax relief with retroactive relief this year. The House budget resolution called for $1.6 trillion in tax relief, and I look forward to Congress working out a final resolution that embraces the principles of the President's tax relief plan.

Americans pay a higher tax burden today than at any time in our nation's history. The President has made it a top priority to reduce the tax burden and make the tax code more fair, so working Americans keep more of what they earn.

As this process goes forward, I look forward to working with members of the House and Senate to enact the President's priorities of reducing marginal tax rates, eliminating the death tax, providing relief from the marriage penalty and doubling the child tax credit. Working together, we can eliminate the structural over-taxation in today's tax code that squeezes family budgets and imposes a drag on the economy.

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PO-137

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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April 9, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.4 MILLION ALABAMA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.4 million** people in Alabama who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **246,000** small business owners and entrepreneurs in Alabama were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **432,000** taxpayers in Alabama who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **775,000** married couples in Alabama who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-138

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.4 million** filers in Alabama who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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April 9, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 282,000 ALASKA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **282,000** people in Alaska who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **55,000** small business owners and entrepreneurs in Alaska were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **72,000** taxpayers in Alaska who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **115,000** married couples in Alaska who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-139

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **249,000** filers in Alaska who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
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Contact: Tara Bradshaw
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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.6 MILLION ARIZONA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.6 million** people in Arizona who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **276,000** small business owners and entrepreneurs in Arizona were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **445,000** taxpayers in Arizona who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **856,000** married couples in Arizona who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-140

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.4 million** filers in Arizona who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 787,000 ARKANSAS TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **787,000** people in Arkansas who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **164,000** small business owners and entrepreneurs in Arkansas were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **243,000** taxpayers in Arkansas who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **491,000** married couples in Arkansas who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-141

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **856,000** filers in Arkansas who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
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Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 11 MILLION CALIFORNIA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **11 million** people in California who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **2.3 million** small business owners and entrepreneurs in California were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **3 million** taxpayers in California who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **6 million** married couples in California who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-142

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **9.3 million** filers in California who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
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Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.6 MILLION COLORADO TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.6 million** people in Colorado who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **329,000** small business owners and entrepreneurs in Colorado were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **400,000** taxpayers in Colorado who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **805,000** married couples in Colorado who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-143

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.3 million** filers in Colorado who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.4 MILLION CONNECTICUT TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.4 million** people in Connecticut who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **218,000** small business owners and entrepreneurs in Connecticut were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **300,000** taxpayers in Connecticut who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **643,000** married couples in Connecticut who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-144

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1 million** filers in Connecticut who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
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Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 300,000 DELAWARE TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **300,000** people in Delaware who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.
- **38,000** small business owners and entrepreneurs in Delaware were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **75,000** taxpayers in Delaware who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **141,000** married couples in Delaware who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-145

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **238,000** filers in Delaware who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 5.5 MILLION FLORIDA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **5.5 million** people in Florida who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **1 million** small business owners and entrepreneurs in Florida were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **1.3 million** taxpayers in Florida who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **2.8 million** married couples in Florida who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-146

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **5.4 million** filers in Florida who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 2.7 MILLION GEORGIA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **2.7 million** people in Georgia who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **486,000** small business owners and entrepreneurs in Georgia were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **802,000** taxpayers in Georgia who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1.3 million** married couples in Georgia who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-147

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **2.3 million** filers in Georgia who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 433,000 HAWAII TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **433,000** people in Hawaii who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **80,000** small business owners and entrepreneurs in Hawaii were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **107,000** taxpayers in Hawaii who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **222,000** married couples in Hawaii who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-148

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **372,000** filers in Hawaii who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 405,000 IDAHO TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **405,000** people in Idaho who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **94,000** small business owners and entrepreneurs in Idaho were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **125,000** taxpayers in Idaho who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **263,000** married couples in Idaho who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-149

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **360,000** filers in Idaho who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 4.5 MILLION ILLINOIS TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **4.5 million** people in Illinois who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **700,000** small business owners and entrepreneurs in Illinois were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **1.2 million** taxpayers in Illinois who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **2.2 million** married couples in Illinois who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-150

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **3.9 million** filers in Illinois who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 2.2 MILLION INDIANA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **2.2 million** people in Indiana who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **343,000** small business owners and entrepreneurs in Indiana were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **613,000** taxpayers in Indiana who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1.2 million** married couples in Indiana who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-151

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **2 million** filers in Indiana who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.1 MILLION IOWA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.1 million** people in Iowa who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **194,000** small business owners and entrepreneurs in Iowa were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **287,000** taxpayers in Iowa who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **605,000** married couples in Iowa who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-152

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **964,000** filers in Iowa who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 954,000 KANSAS TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **954,000** people in Kansas who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **178,000** small business owners and entrepreneurs in Kansas were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **266,000** taxpayers in Kansas who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **541,000** married couples in Kansas who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-153

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **865,000** filers in Kansas who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.3 MILLION KENTUCKY TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.3 million** people in Kentucky who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **240,000** small business owners and entrepreneurs in Kentucky were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **364,000** taxpayers in Kentucky who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **779,000** married couples in Kentucky who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-154

*U.S. Government Printing Office 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.2 million** filers in Kentucky who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.3 MILLION LOUISIANA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.3 million** people in Louisiana who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **240,000** small business owners and entrepreneurs in Louisiana were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **429,000** taxpayers in Louisiana who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **690,000** married couples in Louisiana who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-155

*U.S. Government Printing Office 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.5 million** filers in Louisiana who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 465,000 MAINE TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **465,000** people in Maine who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **104,000** small business owners and entrepreneurs in Maine were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **116,000** taxpayers in Maine who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **256,000** married couples in Maine who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-156

*U.S. Government Printing Office: 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **420,000** filers in Maine who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 2 MILLION MARYLAND TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **2 million** people in Maryland who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.
- **327,000** small business owners and entrepreneurs in Maryland were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **520,000** taxpayers in Maryland who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **916,000** married couples in Maryland who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-157

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.4 million** filers in Maryland who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 2.5 MILLION MASSACHUSETTS TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **2.5 million** people in Massachusetts who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **427,000** small business owners and entrepreneurs in Massachusetts were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **537,000** taxpayers in Massachusetts who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1.1 million** married couples in Massachusetts who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-158

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.9 million** filers in Massachusetts who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 3.6 MILLION MICHIGAN TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **3.6 million** people in Michigan who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **536,000** small business owners and entrepreneurs in Michigan were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **927,000** taxpayers in Michigan who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1.9 million** married couples in Michigan who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-159

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **3 million** filers in Michigan who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
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Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.9 MILLION MINNESOTA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.9 million** people in Minnesota who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **337,000** small business owners and entrepreneurs in Minnesota were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **482,000** taxpayers in Minnesota who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **982,000** married couples in Minnesota who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-160

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.4 million** filers in Minnesota who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 300,000 MONTANA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **300,000** people in Montana who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **76,000** small business owners and entrepreneurs in Montana were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **77,000** taxpayers in Montana who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **183,000** married couples in Montana who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-161

*U.S. Government Printing Office: 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **293,000** filers in Montana who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 786,000 MISSISSIPPI TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **786,000** people in Mississippi who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **149,000** small business owners and entrepreneurs in Mississippi were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **286,000** taxpayers in Mississippi who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **426,000** married couples in Mississippi who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-162

*U.S. Government Printing Office 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **936,000** filers in Mississippi who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.9 MILLION MISSOURI TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.9 million** people in Missouri who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **346,000** small business owners and entrepreneurs in Missouri were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **532,000** taxpayers in Missouri who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1 million** married couples in Missouri who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-163

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.8 million** filers in Missouri who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 2.7 MILLION NORTH CAROLINA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **2.7 million** people in North Carolina who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **488,000** small business owners and entrepreneurs in North Carolina were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **777,000** taxpayers in North Carolina who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1.5 million** married couples in North Carolina who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-164

U.S. Government Printing Office 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **2.4 million** filers in North Carolina who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 231,000 NORTH DAKOTA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **231,000** people in North Dakota who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **45,000** small business owners and entrepreneurs in North Dakota were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **61,000** taxpayers in North Dakota who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **133,000** married couples in North Dakota who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-165

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **248,000** filers in North Dakota who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 631,000 NEBRASKA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **631,000** people in Nebraska who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **117,000** small business owners and entrepreneurs in Nebraska were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **169,000** taxpayers in Nebraska who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **349,000** married couples in Nebraska who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-166

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **586,000** filers in Nebraska who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 730,000 NEVADA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **730,000** people in Nevada who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **107,000** small business owners and entrepreneurs in Nevada were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **194,000** taxpayers in Nevada who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **343,000** married couples in Nevada who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-167

*U.S. Government Printing Office 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **614,000** filers in Nevada who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 507,000 NEW HAMPSHIRE TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **507,000** people in New Hampshire who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **92,000** small business owners and entrepreneurs in New Hampshire were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **124,000** taxpayers in New Hampshire who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **257,000** married couples in New Hampshire who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-168

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **414,000** filers in New Hampshire who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 3.2 MILLION NEW JERSEY TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **3.2 million** people in New Jersey who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **465,000** small business owners and entrepreneurs in New Jersey were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **754,000** taxpayers in New Jersey who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1.5 million** married couples in New Jersey who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-169

U.S. Government Printing Office 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **2.4 million** filers in New Jersey who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 539,000 NEW MEXICO TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **539,000** people in New Mexico who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **113,000** small business owners and entrepreneurs in New Mexico were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **161,000** taxpayers in New Mexico who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **304,000** married couples in New Mexico who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-170

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **583,000** filers in New Mexico who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 6.5 MILLION NEW YORK TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **6.5 million** people in New York who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **1.2 million** small business owners and entrepreneurs in New York were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **1.5 million** taxpayers in New York who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **3 million** married couples in New York who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-171

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **5.3 million** filers in New York who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

April 9, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 4.4 MILLION OHIO TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **4.4 million** people in Ohio who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **638,000** small business owners and entrepreneurs in Ohio were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **1.1 million** taxpayers in Ohio who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **2 million** married couples in Ohio who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-172

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **3.8 million** filers in Ohio who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1 MILLION OKLAHOMA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1 million** people in Oklahoma who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **236,000** small business owners and entrepreneurs in Oklahoma were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **306,000** taxpayers in Oklahoma who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **649,000** married couples in Oklahoma who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-173

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1 million** filers in Oklahoma who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.2 MILLION OREGON TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.2 million** people in Oregon who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **235,000** small business owners and entrepreneurs in Oregon were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **290,000** taxpayers in Oregon who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **655,000** married couples in Oregon who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-174

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **931,000** filers in Oregon who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 4.5 MILLION PENNSYLVANIA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **4.5 million** people in Pennsylvania who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **674,000** small business owners and entrepreneurs in Pennsylvania were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **1 million** taxpayers in Pennsylvania who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **2.3 million** married couples in Pennsylvania who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-175

*U.S. Government Printing Office 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **4 million** filers in Pennsylvania who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 385,000 RHODE ISLAND TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **385,000** people in Rhode Island who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **60,000** small business owners and entrepreneurs in Rhode Island were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **91,000** taxpayers in Rhode Island who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **182,000** married couples in Rhode Island who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-176

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **313,000** filers in Rhode Island who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.3 MILLION SOUTH CAROLINA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.3 million** people in South Carolina who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **218,000** small business owners and entrepreneurs in South Carolina were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **400,000** taxpayers in South Carolina who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **673,000** married couples in South Carolina who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-177

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.3 million** filers in South Carolina who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 263,000 SOUTH DAKOTA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **263,000** people in South Dakota who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **55,000** small business owners and entrepreneurs in South Dakota were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **72,000** taxpayers in South Dakota who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **152,000** married couples in South Dakota who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-178

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **300,000** filers in South Dakota who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 1.9 MILLION TENNESSEE TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **1.9 million** people in Tennessee who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **372,000** small business owners and entrepreneurs in Tennessee were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **541,000** taxpayers in Tennessee who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1 million** married couples in Tennessee who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-179

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **2 million** filers in Tennessee who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 6.4 MILLION TEXAS TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **6.4 million** people in Texas who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **1.4 million** small business owners and entrepreneurs in Texas were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **2 million** taxpayers in Texas who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **3.5 million** married couples in Texas who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-180

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **7 million** filers in Texas who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 693,000 UTAH TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **693,000** people in Utah who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **135,000** small business owners and entrepreneurs in Utah were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **231,000** taxpayers in Utah who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **428,000** married couples in Utah who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-181

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **563,000** filers in Utah who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 232,000 VERMONT TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **232,000** people in Vermont who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **53,000** small business owners and entrepreneurs in Vermont were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **57,000** taxpayers in Vermont who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **121,000** married couples in Vermont who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-182

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **206,000** filers in Vermont who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 2.6 MILLION VIRGINIA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **2.6 million** people in Virginia who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **396,000** small business owners and entrepreneurs in Virginia were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **663,000** taxpayers in Virginia who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1.3 million** married couples in Virginia who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-183

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **2 million** filers in Virginia who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 2.2 MILLION WASHINGTON TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington, DC is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **2.2 million** people in Washington who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **363,000** small business owners and entrepreneurs in Washington were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **550,000** taxpayers in Washington who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1.1 million** married couples in Washington who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-184

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.8 million** filers in Washington who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 2 MILLION WISCONSIN TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **2 million** people in Wisconsin who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **293,000** small business owners and entrepreneurs in Wisconsin were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **533,000** taxpayers in Wisconsin who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **1 million** married couples in Wisconsin who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-185

*U.S. Government Printing Office: 1998 - 619-559

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **1.6 million** filers in Wisconsin who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

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OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

April 9, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 546,000 WEST VIRGINIA TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **546,000** people in West Virginia who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **92,000** small business owners and entrepreneurs in West Virginia were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **140,000** taxpayers in West Virginia who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **356,000** married couples in West Virginia who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

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ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **622,000** filers in West Virginia who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
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Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 176,000 WYOMING TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **176,000** people in Wyoming who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **38,000** small business owners and entrepreneurs in Wyoming were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **48,000** taxpayers in Wyoming who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **104,000** married couples in Wyoming who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-187

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **189,000** filers in Wyoming who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

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April 9, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
(202) 622-2960

THE PRESIDENT'S TAX RELIEF PROPOSALS CUT TAXES FOR 98 MILLION UNITED STATES TAXPAYERS

This week, as millions of taxpayers will be scrambling to file their tax returns, its worth pointing out that Washington is taking more from people than it needs to run the government and pay down the debt. The President is proposing structural tax code changes to relieve this over-taxation and allow people to keep more of their own money. He's proposed:

CUTTING INCOME TAX RATES

- **98 million** people in United States who paid Federal income taxes last year would stand to keep more of what they earned once the President's income tax rate cut is law.

- **17.4 million** small business owners and entrepreneurs in United States were taxed on their business income under the individual rates last year. These small business entrepreneurs are the engine of growth in our economy. The tax relief they receive under the President's plan could be used to invest in new equipment, hire additional workers and increase pay.

DOUBLING THE CHILD TAX CREDIT

- There are approximately **26 million** taxpayers in United States who took the child credit last year, who are potential beneficiaries of doubling the credit under the President's proposal.

REDUCING THE MARRIAGE PENALTY

- There are approximately **50 million** married couples in United States who filed jointly last year. Many of those couples paid a marriage penalty and will get marriage penalty relief from the President's income tax cut.

PO-188

ALLOWING NON-ITEMIZERS TO DEDUCT CHARITABLE CONTRIBUTIONS

- The **87 million** filers in United States who did not claim itemized deductions last year would now be eligible to take a deduction for their charitable contributions.

" It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. " We're working to put money back in the hands of the people who earned it this year."

DATA SOURCE: *The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999.*

Individual Income Tax Returns Filed for 1999
(Number of returns in thousands)

	Income Tax After Non-Refund Credits[1]	Non-Farm[2] Proprietor Income	Claim Child Tax Credit	Joint Returns	Use Standard Deduction
United States	97,957	17,463	25,909	50,221	87,138
Alabama	1,354	246	432	775	1,377
Alaska	282	55	72	115	249
Arizona	1,603	276	445	856	1,356
Arkansas	787	164	243	491	856
California	10,957	2,342	2,991	5,523	9,260
Colorado	1,633	329	399	805	1,259
Connecticut	1,374	218	297	643	984
Delaware	299	38	75	141	238
Florida	5,456	1,019	1,323	2,763	5,382
Georgia	2,663	486	802	1,340	2,334
Hawaii	433	80	107	222	372
Idaho	405	94	125	263	360
Illinois	4,493	700	1,162	2,179	3,855
Indiana	2,193	343	613	1,193	1,996
Iowa	1,072	194	287	605	964
Kansas	954	178	266	541	865
Kentucky	1,286	240	364	779	1,221
Louisiana	1,278	240	429	690	1,515
Maine	465	104	116	256	420
Maryland	2,020	327	520	916	1,376
Massachusetts	2,540	427	537	1,142	1,902
Michigan	3,600	536	927	1,850	2,995
Minnesota	1,927	337	482	982	1,424
Montana	299	76	77	183	293
Mississippi	786	149	286	426	936
Missouri	1,945	346	532	1,064	1,809
North Carolina	2,735	488	777	1,453	2,391
North Dakota	231	45	61	133	248
Nebraska	631	117	169	349	586
Nevada	730	107	194	343	614
New Hampshire	507	92	124	257	414
New Jersey	3,231	465	754	1,530	2,353
New Mexico	539	113	161	304	583
New York	6,473	1,187	1,540	2,925	5,324
Ohio	4,417	638	1,108	1,952	3,768
Oklahoma	1,047	236	306	649	1,045
Oregon	1,192	235	290	655	931
Pennsylvania	4,491	674	1,074	2,337	4,022
Rhode Island	385	60	91	182	313
South Carolina	1,310	218	398	673	1,250
South Dakota	263	55	72	152	298
Tennessee	1,906	372	541	1,054	2,012
Texas	6,384	1,364	1,985	3,537	7,079
Utah	693	135	231	428	563
Vermont	232	53	57	121	206
Virginia	2,619	396	663	1,329	2,051
Washington	2,193	363	550	1,143	1,815
Wisconsin	2,087	293	533	1,081	1,642
West Virginia	546	92	140	356	622
Wyoming	176	38	48	104	189
DC	210	34	37	43	172
Other Areas	625	52	97	387	1,049

Notes and footnotes appear on following page.

Notes and Footnotes to Table

Individual Income Tax Returns Filed for 1999

Notes

The figures in the table were tabulated from all individual income tax returns filed and processed through the IRS Individual Master File (IMF) during calendar year 2000. Most returns filed in 2000 were for tax year 1999.

Classification by state was based on the address used on the return. Usually this address is the taxpayer's home address. However, some taxpayers may have used the address of a tax attorney or accountant, or a place of business, and that address could be in a different state than the taxpayer's home.

Footnotes

[1] This column shows the number of returns that had positive income tax (including alternative minimum tax) after non-refundable credits (such as the child credit).

[2] Only returns with positive non-farm proprietor income are included.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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April 9, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

TREASURY RELEASES PRESIDENT'S TAX RELIEF PROPOSALS

Today the Treasury Department released the "General Explanations of the Administration's Fiscal Year 2002 Tax Relief Proposals," a document which outlines the President's tax relief plan.

"This plan reflects the President's vision and priorities for providing tax relief for American families. I look forward to the day when the tax overpayment that is sent to Washington is returned to the hardworking Americans who earned it," stated Treasury Secretary Paul O'Neill.

Highlights of the President's Tax Plan

Replaces the current marginal income tax rates of 15, 28, 31, 36, and 39.6 percent with a simplified rate structure of 10, 15, 25, and 33 percent.

The five current tax rate brackets ranging from 15 percent to 39.6 percent would be replaced with four tax brackets ranging from 10 percent to 33 percent. The lower tax rates would be phased in between 2002 and 2006.

The current 15 percent tax rate bracket would be split into two rate brackets, 10 percent and 15 percent. The 10 percent tax rate would apply to the first $6,000 of taxable income for single taxpayers, the first $10,000 for unmarried heads of household, and the first $12,000 for married taxpayers filing jointly.

Create new 10-percent bracket: The tax relief is $310.6 billion over 10 years.
Reduce individual income tax rates: The tax relief is $500.6 billion over 10 years.

Doubles the child tax credit to $1,000 per child and applies the credit to the Alternative Minimum Tax. (AMT)

The amount of the child tax credit would be doubled to $1,000 per child, and the credit would phase out more slowly and at higher incomes.

The tax relief of this provision is $200 billion over 10 years.

Reduces the Marriage Penalty by reinstating the 10 percent deduction for two-earner couples.

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To reduce marriage penalties, the two-earner deduction that was in effect between 1982 and 1986 would be restored. Joint filers would be allowed to deduct 10 percent of the first $30,000 of the earned income of the lower paid spouse.

The tax relief of this provision is $112.8 billion over 10 years.

Expands the charitable deduction for non-itemizers.

Taxpayers who do not itemize would be allowed to deduct charitable contributions in addition to their standard deduction.

The tax relief of this provision is $52 billion over 10 years.

Eliminates the death tax.

The estate, gift and generation-skipping transfer taxes would be phased out between 2002 and 2008 and repealed in 2009.

The tax relief of this provision is $271.5 billion over 10 years.

Makes the Research and Experimentation (R & E) tax credit permanent.

The tax relief of this provision is $49.5 billion over 10 years.

# # #

The full text of this document is available in Adobe Acrobat format on the Internet at: http://www.treas.gov/taxpolicy/library/bluebk01.pdf

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

For Immediate Release
Monday, April 9 2001

Contact: Sean Miles
(202) 622-2960
(202) 841-4507

Treasury Secretary Paul O'Neill will participate in a tour of the Philadelphia Regional Financial Center.

Location: Philadelphia Regional Financial Center
13000 Townsend Road
Philadelphia, PA 19154

Date: Thursday ,April 12 2001

Time: Tour will start at 1:30 pm.Press should arrive no later than 1:00 for credentialing

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 09, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term: 91-Day Bill
Issue Date: April 12, 2001
Maturity Date: July 12, 2001
CUSIP Number: 912795HC8

High Rate: 3.820% Investment Rate 1/: 3.912% Price: 99.034

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 60%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 20,089,429	$ 7,323,692
Noncompetitive	1,376,583	1,376,583
FIMA (noncompetitive)	300,000	300,000
SUBTOTAL	21,766,012	9,000,275 2/
Federal Reserve	5,528,937	5,528,937
TOTAL	$ 27,294,949	$ 14,529,212

Median rate 3.790%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.750%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 21,766,012 / 9,000,275 = 2.42

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,117,643,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 09, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	April 12, 2001
Maturity Date:	October 11, 2001
CUSIP Number:	912795GS4

High Rate: 3.815% Investment Rate 1/: 3.945% Price: 98.071

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 87%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 18,241,300	$ 6,471,540
Noncompetitive	1,479,973	1,479,973
FIMA (noncompetitive)	50,000	50,000
SUBTOTAL	19,771,273	8,001,513 2/
Federal Reserve	4,307,692	4,307,692
TOTAL	$ 24,078,965	$ 12,309,205

Median rate 3.775%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.760%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 19,771,273 / 8,001,513 = 2.47

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,209,726,000

http://www.publicdebt.treas.gov

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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U.S. International Reserve Position 04/10/01

The Treasury Department today released U.S. reserve assets data for the week ending April 6, 2001. As indicated in this table, U.S. reserve assets totaled $64,994 million as of April 6, 2001, up from $64,317 million as of March 30, 2001.

(in US millions)

I. Official U.S. Reserve Assets	March 30, 2001			April 6, 2001		
TOTAL	64,317			64,994		
	Euro	Yen	TOTAL	Euro	Yen	TOTAL
1. Foreign Currency Reserves [1]						
a. Securities	5,240	10,497	15,738	5,369	10,625	15,994
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	8,834	4,544	13,378	9,051	4,600	13,650
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			13,777			*13,361*
3. Special Drawing Rights (SDRs) [2]			10,379			*10,442*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for March 30 are final. The entries in the table above for April 6 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of February 28, 2001. The January 31, 2001 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	March 30, 2001	April 6, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	March 30, 2001	April 6, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

federal financing bank NEWS
WASHINGTON, D.C. 20220
Press 202-622-2960
FFB 202-622-2450

FEDERAL FINANCING BANK March 31, 2001

Kerry Lanham, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of February 2001.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled $38.9 billion on February 28, 2001, posting a decrease of $424.1 million from the level on January 31, 2001. This net change was the result of a decrease in holdings of agency debt of $475.0 million, and an increase in holdings of government-guaranteed loans of $50.9 million. FFB made 41 disbursements and received 13 prepayments during the month of February. In addition, FFB processed 13 refinancings and 3 buydowns during the month of February.

Attached to this release are tables presenting FFB February loan activity and FFB holdings as of February 28, 2001.

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FEDERAL FINANCING BANK
FEBRUARY 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
GENCY DEBT				
U.S. POSTAL SERVICE				
U.S. Postal Service	2/02	$350,500,000.00	2/05/01	5.184% S/A
U.S. Postal Service	2/05	$195,000,000.00	2/06/01	5.123% S/A
U.S. Postal Service	2/05	$512,700,000.00	2/06/01	5.187% S/A
U.S. Postal Service	2/06	$80,000,000.00	2/07/01	5.184% S/A
U.S. Postal Service	2/06	$267,700,000.00	2/07/01	5.197% S/A
U.S. Postal Service	2/07	$186,600,000.00	2/08/01	5.197% S/A
U.S. Postal Service	2/08	$45,700,000.00	2/09/01	5.207% S/A
U.S. Postal Service	2/16	$176,700,000.00	2/20/01	5.142% S/A
J.S. Postal Service	2/20	$150,000,000.00	2/21/01	5.207% S/A
J.S. Postal Service	2/20	$394,400,000.00	2/21/01	5.166% S/A
J.S. Postal Service	2/21	$257,800,000.00	2/22/01	5.145% S/A
J.S. Postal Service	2/22	$70,000,000.00	2/23/01	5.134% S/A
J.S. Postal Service	2/23	$300,000,000.00	2/26/01	5.145% S/A
J.S. Postal Service	2/23	$351,700,000.00	2/26/01	5.018% S/A
J.S. Postal Service	2/28	$525,000,000.00	3/01/01	4.979% S/A
)VERNMENT-GUARANTEED LOANS				
3ENERAL SERVICES ADMINISTRATION				
;an Francisco OB	2/07	$414,454.84	8/01/05	5.010% S/A
\tlanta CDC Lab	2/22	$1,931,475.80	1/30/02	4.874% S/A
;an Francisco OB	2/23	$292,270.94	8/01/05	5.011% S/A
URAL UTILITIES SERVICE				
'arroll Elec. #618	2/01	$490,000.00	1/03/34	5.477% Qtr.
)tsego Electric #653	2/01	$934,000.00	1/03/34	5.477% Qtr.
:. Indiana Rural Elec. #548	2/01	$300,000.00	3/31/31	5.472% Qtr.
'imarron Electric #567	2/02	$785,000.00	1/03/34	5.398% Qtr.
;ig Horn Rural Elec. #631	2/05	$400,000.00	1/03/34	5.447% Qtr.
;eorgia Trans. Corp. #559	2/06	$9,539,441.00	12/31/25	5.401% Qtr.
rand Elec. Coop. #546	2/06	$1,135,000.00	1/03/34	5.430% Qtr.
outh Miss. Elec. #691	2/07	$15,413,000.00	12/31/30	5.463% Qtr.
cLeod Coop. Power #554	2/09	$750,000.00	1/03/34	5.411% Qtr.
rand Valley Rural #600	2/15	$1,208,000.00	1/03/34	5.425% Qtr.
eade County Elec. #662	2/15	$2,000,000.00	7/02/01	5.024% Qtr.
. Farmers Elec. #701	2/15	$30,160,000.00	12/31/25	5.427% Qtr.
ental Virginia Elec. #593	2/16	$1,500,000.00	1/03/34	5.491% Qtr.
harles Mix Elec. #630	2/16	$252,000.00	12/31/30	5.501% Qtr.
outh Texas Electric #505	2/16	$350,000.00	12/31/24	5.613% Qtr.
ewitt Elec. #697	2/20	$490,000.00	3/31/03	4.726% Qtr.
icking Valley Elec. #522	2/22	$2,749,000.00	7/02/01	4.952% Qtr.
orth Arkansas Elec. #683	2/23	$9,660,000.00	1/03/05	4.777% Qtr.
asin Electric #232	2/27	$1,412,040.52	1/03/22	5.417% Qtr.

FEDERAL FINANCING BANK
FEBRUARY 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
Basin Electric #232	2/27	$1,182,910.80	1/03/23	5.447% Qtr.
Basin Electric #232	2/27	$484,919.97	1/03/23	5.447% Qtr.
Blue Ridge Elec. #512	2/27	$4,000,000.00	1/03/33	5.530% Qtr.
Harrison County #532	2/27	$1,000,000.00	7/01/02	4.440% Qtr.
McLennan County Elec. #675	2/27	$500,000.00	6/30/31	5.343% Qtr.
Upsala Coop. Tele. #429	2/27	$7,720.00	4/01/02	4.574% Qtr.
Central Elec. Power #923	2/28	$114,877.81	12/31/14	5.002% Qtr.
Central Elec. Power #923	2/28	$96,512.16	12/31/14	5.002% Qtr.
Central Elec. Power #923	2/28	$58,440.32	12/31/14	5.002% Qtr.
Central Elec. Power #923	2/28	$97,531.09	12/31/14	5.002% Qtr.
Central Elec. Power #923	2/28	$71,699.51	12/31/15	5.039% Qtr.
Central Elec. Power #923	2/28	$138,874.10	12/31/15	5.039% Qtr.
Central Elec. Power #923	2/28	$246,891.39	1/03/17	5.081% Qtr.
Central Elec. Power #923	2/28	$79,426.94	12/31/19	5.216% Qtr.
Central Elec. Power #923	2/28	$114,992.61	12/31/19	5.216% Qtr.
Central Elec. Power #923	2/28	$55,344.73	12/31/19	5.216% Qtr.
Central Elec. Power #923	2/28	$1,350,515.75	12/31/20	5.257% Qtr.
Central Elec. Power #923	2/28	$70,913.84	1/03/22	5.293% Qtr.
Central Elec. Power #923	2/28	$92,939.79	1/03/22	5.293% Qtr.
Karnes Elec. #568	2/28	$1,400,000.00	4/01/02	4.447% Qtr.

S/A is a Semiannual rate.
Qtr. is a Quarterly rate.
interest rate buydown
306C refinancing

FEDERAL FINANCING BANK HOLDINGS
(in millions of dollars)

Program	February 28, 2001	January 31, 2001	Monthly Net Change 2/1/01- 2/28/01	Fiscal Year Net Change 10/1/00- 2/28/01
Agency Debt:				
U.S. Postal Service	$6,075.0	$6,550.0	-$475.0	-$3,187.0
National Credit Union Adm.-CLF	$4.0	$4.0	$0.0	$4.0
Subtotal*	$6,079.0	$6,554.0	-$475.0	-$3,183.0
Agency Assets:				
FmHA-RDIF	$3,070.0	$3,070.0	$0.0	-$340.0
FmHA-RHIF	$5,155.0	$5,155.0	$0.0	-$385.0
DHHS-Medical Facilities	$0.5	$0.5	$0.0	-$0.2
Rural Utilities Service-CBO	$4,326.9	$4,326.9	$0.0	$0.0
Subtotal*	$12,552.4	$12,552.4	$0.0	-$725.2
Government-Guaranteed Lending:				
DOD-Foreign Military Sales	$2,291.4	$2,325.1	-$33.7	-$99.0
DoEd-HBCU+	$22.5	$22.5	$0.0	$1.8
DHUD-Community Dev. Block Grant	$9.7	$9.7	$0.0	-$1.1
DHUD-Public Housing Notes	$1,278.7	$1,278.7	$0.0	-$69.8
General Services Administration+	$2,295.4	$2,292.8	$2.6	-$17.2
DOI-Virgin Islands	$13.6	$13.6	$0.0	-$1.1
DON-Ship Lease Financing	$949.1	$949.1	$0.0	-$98.4
Rural Utilities Service	$13,281.4	$13,197.4	$84.1	$291.9
SBA-State/Local Development Cos.	$147.6	$149.7	-$2.1	-$11.5
DOT-Section 511	$3.5	$3.5	$0.0	$0.0
Subtotal*	$20,292.9	$20,241.9	$50.9	-$4.5
Grand total*	$38,924.3	$39,348.3	-$424.1	-$3,912.6

* figures may not total due to rounding
\+ does not include capitalized interest

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
April 12, 2001

Contact: Tara Bradshaw
(202) 622-2960

O'NEILL STATEMENT ON THE IRS OVERSIGHT BOARD INTERIM REPORT ON THE IRS FY 2002 BUDGET

Like President Bush, I believe strongly the IRS should enforce the tax code fairly and evenly with the least imposition on the taxpayer. Consistent with that goal, I believe the President has requested adequate resources to fund necessary IRS improvements.

In balancing competing priorities in the budget, the President has requested a sensible but significant 7 percent increase in funding for the IRS, which is nearly twice the average government-wide increase.

The budget includes close to $400 million in responsible investments to modernize the IRS' outdated computer systems. This multi-year project will provide the IRS with the modern tools needed both to deliver first class customer service to America's taxpayers and to ensure that compliance programs are administered efficiently. The President's budget also includes follow-on funding for the STABLE initiative to complete the hiring of almost 4,000 staff to address these same issues.

Commissioner Rosotti and the IRS have made progress implementing the 1998 reforms mandated by Congress, and the IRS has laid out a clear plan to improve service and enforcement while protecting taxpayer rights.

I am confident that the amount in the President's budget will allow the IRS to provide America's taxpayers with better quality service and help to enforce the tax law with integrity and fairness. To achieve that goal, I will continue to work with rank-and-file employees of the IRS, members of the IRS Oversight Board, and Members of Congress.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 12:00 NOON
April 12, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $17,000 million to refund $90,228 million of publicly held securities maturing April 19, 2001, and to pay down about $73,228 million. The amount of maturing publicly held securities includes the 50-day cash management bills issued February 28, 2001, in the amount of $28,036 million, and the 21-day cash management bills issued March 29, 2001, in the amount of $40,010 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $9,794 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $889 million into the 13-week bill and $660 million into the 26-week bill.

We expect to issue a short-term cash management bill on Thursday, April 19, 2001. Details will be announced Tuesday, April 17, 2001.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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Attachment

'0-197

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED APRIL 19, 2001

April 12, 2001

Offering Amount	$9,000 million	$8,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GP 0	912795 HS 3
Auction date	April 16, 2001	April 16, 2001
Issue date	April 19, 2001	April 19, 2001
Maturity date	July 19, 2001	October 18, 2001
Original issue date	January 18, 2001	April 19, 2001
Currently outstanding	$15,518 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award.............................. 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

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April 13, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

JOHN F. KELLY, JR. JOINS THE OFFICE OF TAX POLICY AT THE TREASURY DEPARTMENT

On April 9, John F. Kelly, Jr. joined the Office of Tax Policy as the Special Assistant to Mark Weinberger, the Assistant Secretary for Tax Policy. In that position, John is responsible for assisting the Assistant Secretary in research, analysis, and liaison relating to the Office of Tax Policy's congressional and public affairs activities.

"With more than 15 years of legislative affairs experience, specializing in tax and budget policy, John is a tremendous asset to our tax policy team," stated Weinberger.

Prior to joining Treasury, John Kelly was an Associate of Patton Boggs, LLP. As a Legislative Affairs Specialist with the firm's Public Policy Group, John supported clients with legislative interests before the Senate Committee on Finance and the House Committee on Ways and Means focusing federal tax budget issues. John previously served as a legislative coordinator for Davis, Polk & Wardwell, and as a legislative assistant for Silverstein and Mullens.

John holds a Bachelor of Science in Accounting from the Wheeling Jesuit University. He has served as a contributing editor for Tax Management Primary Sources and on the editorial board of the Washington Tax Review, both Bureau of National Affairs publications. He is an executive board member of the North Ridge Citizens Association.

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PUBLIC DEBT NEWS

)epartment of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
April 17, 2001

Contact: Office of Financing
202-691-3550

TREASURY'S INFLATION-INDEXED SECURITIES MAY REFERENCE CPI NUMBERS AND DAILY INDEX RATIOS

Public Debt announced today the reference Consumer Price Index (CPI) numbers and daily index ratios for the month of May for the following Treasury inflation-indexed securities:

(1) 3-3/8% 10-year notes due January 15, 2007
(2) 3-5/8% 5-year notes due July 15, 2002
(3) 3-5/8% 10-year notes due January 15, 2008
(4) 3-5/8% 30-year bonds due April 15, 2028
(5) 3-7/8% 10-year notes due January 15, 2009
(6) 3-7/8% 30-year bonds due April 15, 2029
(7) 4-1/4% 10-year notes due January 15, 2010
(8) 3-1/2% 10-year notes due January 15, 2011

This information is based on the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the U.S. Department of Labor.

In addition to the publication of the reference CPI's (Ref CPI) and index ratios, this release provides the non-seasonally adjusted CPI-U for the prior three-month period.

This information is available through the Treasury's Office of Public Affairs automated fax system by calling 202-622-2040 and requesting document number 199. The information is also available on the Internet at Public Debt's website (http://www.publicdebt.treas.gov).

The information for June is expected to be released on May 16, 2001.

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Attachment

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TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
May 2001

	3-3/8% 10-Year Notes	3-5/8% 5-Year Notes	3-5/8% 10-Year Notes	3-5/8% 30-Year Bonds
Security:	3-3/8% 10-Year Notes	3-5/8% 5-Year Notes	3-5/8% 10-Year Notes	3-5/8% 30-Year Bonds
Description:	Series A-2007	Series J-2002	Series A-2008	Bonds of April 2028
CUSIP Number:	9128272M3	9128273A8	9128273T7	912810FD5
Dated Date:	January 15, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Original Issue Date:	February 6, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Additional Issue Date(s):	April 15, 1997	October 15, 1997	October 15, 1998	July 15, 1998
Maturity Date:	January 15, 2007	July 15, 2002	January 15, 2008	April 15, 2028
Ref CPI on Dated Date:	158.43548	160.15484	161.55484	161.74000

Date	Ref CPI	Index Ratio	Index Ratio	Index Ratio	Index Ratio
May 1 2001	175.80000	1.10960	1.09769	1.08818	1.08693
May 2 2001	175.81290	1.10968	1.09777	1.08826	1.08701
May 3 2001	175.82581	1.10976	1.09785	1.08834	1.08709
May 4 2001	175.83871	1.10984	1.09793	1.08841	1.08717
May 5 2001	175.85161	1.10993	1.09801	1.08849	1.08725
May 6 2001	175.86452	1.11001	1.09809	1.08857	1.08733
May 7 2001	175.87742	1.11009	1.09817	1.08865	1.08741
May 8 2001	175.89032	1.11017	1.09825	1.08873	1.08749
May 9 2001	175.90323	1.11025	1.09833	1.08881	1.08757
May 10 2001	175.91613	1.11033	1.09841	1.08889	1.08765
May 11 2001	175.92903	1.11041	1.09849	1.08897	1.08773
May 12 2001	175.94194	1.11050	1.09857	1.08905	1.08781
May 13 2001	175.95484	1.11058	1.09865	1.08913	1.08789
May 14 2001	175.96774	1.11066	1.09874	1.08921	1.08797
May 15 2001	175.98065	1.11074	1.09882	1.08929	1.08805
May 16 2001	175.99355	1.11082	1.09890	1.08937	1.08813
May 17 2001	176.00645	1.11090	1.09898	1.08945	1.08821
May 18 2001	176.01935	1.11098	1.09906	1.08953	1.08829
May 19 2001	176.03226	1.11107	1.09914	1.08961	1.08837
May 20 2001	176.04516	1.11115	1.09922	1.08969	1.08845
May 21 2001	176.05806	1.11123	1.09930	1.08977	1.08853
May 22 2001	176.07097	1.11131	1.09938	1.08985	1.08860
May 23 2001	176.08387	1.11139	1.09946	1.08993	1.08868
May 24 2001	176.09677	1.11147	1.09954	1.09001	1.08876
May 25 2001	176.10968	1.11155	1.09962	1.09009	1.08884
May 26 2001	176.12258	1.11164	1.09970	1.09017	1.08892
May 27 2001	176.13548	1.11172	1.09978	1.09025	1.08900
May 28 2001	176.14839	1.11180	1.09986	1.09033	1.08908
May 29 2001	176.16129	1.11188	1.09994	1.09041	1.08916
May 30 2001	176.17419	1.11196	1.10002	1.09049	1.08924
May 31 2001	176.18710	1.11204	1.10010	1.09057	1.08932

CPI-U (NSA) for : January 2001 175.1 February 2001 175.8 March 2001 176.2

TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
May 2001

Security:	3-7/8% 10-Year Notes	3-7/8% 30-Year Bonds	4-1/4% 10-Year Notes	3-1/2% 10-Year Notes
Description:	Series A-2009	Bonds of April 2029	Series A-2010	Series A-2011
CUSIP Number:	9128274Y5	912810FH6	9128275W8	9128276R8
Dated Date:	January 15, 1999	April 15, 1999	January 15, 2000	January 15, 2001
Original Issue Date:	January 15, 1999	April 15, 1999	January 18, 2000	January 16, 2001
Additional Issue Date(s):	July 15, 1999	October 15, 1999 October 15, 2000	July 15, 2000	
Maturity Date:	January 15, 2009	April 15, 2029	January 15, 2010	January 15, 2011
Ref CPI on Dated Date:	164.00000	164.39333	168.24516	174.04516

Date	Ref CPI	Index Ratio	Index Ratio	Index Ratio	Index Ratio
May 1 2001	175.80000	1.07195	1.06939	1.04490	1.01008
May 2 2001	175.81290	1.07203	1.06946	1.04498	1.01016
May 3 2001	175.82581	1.07211	1.06954	1.04506	1.01023
May 4 2001	175.83871	1.07219	1.06962	1.04513	1.01031
May 5 2001	175.85161	1.07227	1.06970	1.04521	1.01038
May 6 2001	175.86452	1.07234	1.06978	1.04529	1.01045
May 7 2001	175.87742	1.07242	1.06986	1.04536	1.01053
May 8 2001	175.89032	1.07250	1.06994	1.04544	1.01060
May 9 2001	175.90323	1.07258	1.07001	1.04552	1.01068
May 10 2001	175.91613	1.07266	1.07009	1.04559	1.01075
May 11 2001	175.92903	1.07274	1.07017	1.04567	1.01082
May 12 2001	175.94194	1.07282	1.07025	1.04575	1.01090
May 13 2001	175.95484	1.07290	1.07033	1.04582	1.01097
May 14 2001	175.96774	1.07297	1.07041	1.04590	1.01105
May 15 2001	175.98065	1.07305	1.07049	1.04598	1.01112
May 16 2001	175.99355	1.07313	1.07056	1.04605	1.01119
May 17 2001	176.00645	1.07321	1.07064	1.04613	1.01127
May 18 2001	176.01935	1.07329	1.07072	1.04621	1.01134
May 19 2001	176.03226	1.07337	1.07080	1.04628	1.01142
May 20 2001	176.04516	1.07345	1.07088	1.04636	1.01149
May 21 2001	176.05806	1.07352	1.07096	1.04644	1.01157
May 22 2001	176.07097	1.07360	1.07103	1.04651	1.01164
May 23 2001	176.08387	1.07368	1.07111	1.04659	1.01171
May 24 2001	176.09677	1.07376	1.07119	1.04667	1.01179
May 25 2001	176.10968	1.07384	1.07127	1.04674	1.01186
May 26 2001	176.12258	1.07392	1.07135	1.04682	1.01194
May 27 2001	176.13548	1.07400	1.07143	1.04690	1.01201
May 28 2001	176.14839	1.07408	1.07151	1.04697	1.01208
May 29 2001	176.16129	1.07415	1.07158	1.04705	1.01216
May 30 2001	176.17419	1.07423	1.07166	1.04713	1.01223
May 31 2001	176.18710	1.07431	1.07174	1.04720	1.01231

CPI-U (NSA) for : January 2001 175.1 February 2001 175.8 March 2001 176.2

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 16, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	April 19, 2001
Maturity Date:	July 19, 2001
CUSIP Number:	912795GP0

High Rate: 4.050% Investment Rate 1/: 4.150% Price: 98.976

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 91%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 17,289,237	$ 7,508,237
Noncompetitive	1,249,794	1,249,794
FIMA (noncompetitive)	250,000	250,000
SUBTOTAL	18,789,031	9,008,031 2/
Federal Reserve	5,627,725	5,627,725
TOTAL	$ 24,416,756	$ 14,635,756

Median rate 4.020%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.920%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 18,789,031 / 9,008,031 = 2.09

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $970,337,000

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 16, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	April 19, 2001
Maturity Date:	October 18, 2001
CUSIP Number:	912795HS3

High Rate: 4.060% Investment Rate 1/: 4.204% Price: 97.947

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 25%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 17,573,341	$ 7,002,091
Noncompetitive	952,498	952,498
FIMA (noncompetitive)	50,000	50,000
SUBTOTAL	18,575,839	8,004,589 2/
Federal Reserve	4,166,321	4,166,321
TOTAL	$ 22,742,160	$ 12,170,910

Median rate 3.990%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.950%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 18,575,839 / 8,004,589 = 2.32

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $714,629,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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U.S. International Reserve Position 4/17/01

The Treasury Department today released U.S. reserve assets data for the week ending April 13, 2001. As indicated in this table, U.S. reserve assets totaled $64,768 million as of April 13, 2001, down from $64,862 million as of April 6, 2001.

(in US millions)

I. Official U.S. Reserve Assets		April 6, 2001			April 13, 2001		
	TOTAL		64,862			64,768	
		Euro	Yen	TOTAL	Euro	Yen	TOTAL
1. Foreign Currency Reserves [1]							
a. Securities		5,369	10,625	15,994	5,291	10,615	15,906
Of which, issuer headquartered in the U.S.				0			0
b. Total deposits with:							
b.i. Other central banks and BIS		9,051	4,600	13,650	8,944	4,596	13,539
b.ii. Banks headquartered in the U.S.				0			0
b.ii. Of which, banks located abroad				0			0
b.iii. Banks headquartered outside the U.S.				0			0
b.iii. Of which, banks located in the U.S.				0			0
2. IMF Reserve Position [2]				13,793			*13,853*
3. Special Drawing Rights (SDRs) [2]				10,379			*10,424*
4. Gold Stock [3]				11,046			11,046
5. Other Reserve Assets				0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for April 6 are final. The entries in the table above for April 13 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of February 28, 2001. The January 31, 2001 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	April 6, 2001	April 13, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	April 6, 2001	April 13, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

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EMBARGOED UNTIL 2:30 P.M.
April 17, 2001

Contact: Office of Financing
202/691-3550

TREASURY TO AUCTION CASH MANAGEMENT BILLS

The Treasury will auction approximately $39,000 million of 4-day Treasury cash management bills to be issued April 19, 2001.

Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (*TreasuryDirect*).

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

The auction being announced today will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest discount rate of accepted competitive tenders.

NOTE: Competitive bids in cash management bill auctions must be expressed as a discount rate with two decimals, e.g., 7.10%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

oOo

Attachment

PO-203

HIGHLIGHTS OF TREASURY OFFERING
OF 4-DAY CASH MANAGEMENT BILLS

April 17, 2001

Offering Amount.................... $39,000 million

Description of Offering:
Term and type of security........... 4-day Cash Management Bill
CUSIP number........................ 912795 KH 3
Auction date........................ April 18, 2001
Issue date.......................... April 19, 2001
Maturity date....................... April 23, 2001
Original issue date................. April 19, 2001
Minimum bid amount and multiples.... $1,000

Submission of Bids:
Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.
Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.
Competitive bids:
(1) Must be expressed as a discount rate with two decimals, e.g., 7.10%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate: 35% of public offering
Maximum Award: 35% of public offering

Receipt of Tenders:
Noncompetitive tenders:
Prior to 12:00 noon eastern daylight saving time on auction day
Competitive tenders:
Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

April 18, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

BARBARA ANGUS JOINS THE OFFICE OF TAX POLICY AT THE TREASURY DEPARTMENT

On April 9, Barbara M. Angus joined the Office of Tax Policy as the Acting International Tax Counsel. In this position, Ms. Angus serves as principal legal advisor with respect to all aspects of international tax policy matters, including the development of legislation, the promulgation of administrative guidance, and the negotiation of tax treaties, and represents the United States before international tax fora.

"The breadth of Barbara's experience and her proven track record in international tax law make her an ideal fit," said Mark Weinberger, Assistant Secretary for Tax Policy. "We are fortunate to have an individual of Barbara's caliber take the lead in the international tax arena."

Before coming to Treasury, Ms. Angus was a partner in the Federal Tax Policy Group of PricewaterhouseCoopers Washington National Tax Services office, where she represented clients on international tax planning and tax legislative matters. Prior to joining the firm, Ms. Angus was Business Tax Counsel for the Congressional Joint Committee on Taxation. As a senior staff member of the Joint Committee, Ms. Angus had primary responsibility for all international tax matters, including the international provisions contained in the 1996 and 1997 tax legislation. Ms. Angus also coordinated the Joint Committee's responsibilities with respect to the review and analysis of income tax treaties considered by the Senate Foreign Relations Committee. She was previously a partner with Kirkland & Ellis in Chicago.

Ms. Angus received an A.B., magna cum laude and Phi Beta Kappa, from Dartmouth College, a J.D., cum laude, from Harvard Law School, and an M.B.A., with high honors, from the University of Chicago Graduate School of Business. Ms. Angus has taught tax courses as a member of the adjunct faculty in the L.L.M. programs at Chicago-Kent College of Law and DePaul University College of Law.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 9:00 A.M.
April 18, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On April 19, 2001, the Treasury will buy back up to $2,000 million par of its outstanding issues that mature between February 2015 and August 2019. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

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Attachment

PO-205

HIGHLIGHTS OF TREASURY DEBT BUYBACK OPERATION

April 18, 2001

Par amount to be bought back ....Up to $2,000 million
Operation date ....April 19, 2001
Operation close time ....11:00 a.m. eastern daylight saving time
Settlement date ....April 23, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions ....ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*	Par Amount Held as STRIPS**
11.250	02/15/2015	912810 DP 0	11,351	9,505	5,201
10.625	08/15/2015	912810 DS 4	5,106	3,939	1,889
9.875	11/15/2015	912810 DT 2	5,891	4,884	2,642
9.250	02/15/2016	912810 DV 7	6,348	5,311	504
7.250	05/15/2016	912810 DW 5	18,824	17,724	185
7.500	11/15/2016	912810 DX 3	18,824	17,189	1,326
8.750	05/15/2017	912810 DY 1	16,622	13,867	7,396
8.875	08/15/2017	912810 DZ 8	12,674	10,616	2,391
9.125	05/15/2018	912810 EA 2	7,217	5,978	4,074
9.000	11/15/2018	912810 EB 0	7,639	6,799	4,241
8.875	02/15/2019	912810 EC 8	16,330	13,957	5,427
8.125	08/15/2019	912810 ED 6	19,316	17,112	1,227
		Total	146,142	126,881	36,503

* Par amounts are as of April 17, 2001.
** Par amounts are as of April 16, 2001.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
April 18, 2001

Office of Public Affairs
(202) 622-2960

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL

The Administration respects the independence of the Federal Reserve in making decisions about our nation's monetary policy. We share the Federal Reserve's goals of maintaining healthy economic growth while preserving low inflation.

-30-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
April 18, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY TO AUCTION $10,000 MILLION OF 2-YEAR NOTES

The Treasury will auction $10,000 million of 2-year notes to refund $29,184 million of publicly held securities maturing April 30, 2001, and to pay down about $19,184 million.

In addition to the public holdings, Federal Reserve Banks hold $5,630 million of the maturing securities for their own accounts, which may be refunded by issuing an additional amount of the new security.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $683 million into the 2-year note.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders.

The notes being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

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Attachment

PO-207

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF
2-YEAR NOTES TO BE ISSUED APRIL 30, 2001

April 18, 2001

Offering Amount ....$10,000 million

Description of Offering:
Term and type of security ....2-year notes
Series P-2003
CUSIP number 912827 6W 7
Auction date ....April 25, 2001
Issue date ....April 30, 2001
Dated date ....April 30, 2001
Maturity date ....April 30, 2003
Interest rate ....Determined based on the highest accepted competitive bid
Yield .... Determined at auction
Interest payment dates .... October 31 and April 30
Minimum bid amount and multiples $1,000
Accrued interest payable by investor ....None
Premium or discount ....Determined at auction

STRIPS Information:
Minimum amount required $1,000
Corpus CUSIP number ....912820 GF 8
Due date(s) and CUSIP number(s)
for additional TINT(s) ....Not applicable

Submission of Bids:
Noncompetitive bids:
Accepted in full up to $5 million at the highest accepted yield.
Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.
Competitive bids:
(1) Must be expressed as a yield with three decimals, e.g., 7.123%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield ....35% of public offering
Maximum Award ....35% of public offering

Receipt of Tenders:
Noncompetitive tenders:
Prior to 12:00 noon eastern daylight saving time on auction day.
Competitive tenders:
Prior to 1:00 p.m. eastern daylight saving time on auction day.

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 18, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 4-DAY BILLS

Term:	4-Day Bill
Issue Date:	April 19, 2001
Maturity Date:	April 23, 2001
CUSIP Number:	912795KH3

High Rate: 4.49 % Investment Rate 1/: 4.56 % Price: 99.950

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 30%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 67,120,000	$ 39,000,000
Noncompetitive	0	0
TOTAL	$ 67,120,000	$ 39,000,000

Median rate 4.46 %: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.35 %: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 67,120,000 / 39,000,000 = 1.72
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

1/ Equivalent coupon-issue yield.

http://www.publicdebt.treas.gov

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNITL 12:30 P.M.
April 19, 2001

Contact: Public Affairs
(202) 622-2960

TREASURY SECRETARY PAUL O'NEILL TO THE ECONOMIC CLUB OF NEW YORK

Good afternoon. It is great to be here. Since I became Treasury Secretary I've found it is so easy to get a reservation at the great restaurants in New York. I just call the maitre d' and say this is Paul O'Neill and I would like to have a table for four at eight o'clock. The maitre d' says "that will be fine Mr. O'Neill. Is there any chance Derek Jeter or Roger Clemens will be joining you?"

Okay, so that's the other Paul O'Neill. He's got a great life. He has a 3 for 4 day and the press accounts are wonderful. Lucky for him he doesn't have a point of view about whether there is economic stimulus in the President's tax reform or on global climate change or foreign exchange rates or workplace safety. The other Paul is very expressive. When he has a particularly bad at bat he shares his feelings with the water cooler in the dugout. I've been thinking about getting a water cooler for my office.

Thank you for inviting me to give you some inside perspective on President Bush and his economic agenda. I'm always glad to be invited back to New York – I worked here for ten years, and there is always a sense of coming home.

I've been in Washington now for three months and I've especially enjoyed getting to know George W. Bush. He is a serious man who believes deeply in the goodness of America and what we can achieve. That was clear to me from the day I first met with him to discuss joining his Cabinet. We talked about principles and policies and means, beginning with education. The principle is "no child left behind." I have worked on this subject as a policy analyst in the Federal Government, as Chairman of George H. W. Bush's Education Policy Advisory Committee, as Chairman of the Pennsylvania State Standards Commission, and at the local level as Chairman of an Education Policy Group. I have come to the same conclusion as President Bush. The first priority for our society should be "no child left behind".

I believe it is our obligation to achieve this result, and I am convinced we will achieve it when citizens at the local level commit themselves to the idea that when children get to be ten years old they will have the foundation skills they need to be life long learners.

PO-209

To deliver this result we need early diagnosis of learning development and individually tailored interventions for those who are lagging behind. Yes, it takes money, and the President has proposed that, but we need standards and measurement too, always focused on the success of individual children, not on statistical aggregations about groups of children or entire schools. And we need to check progress every three months and change our interventions if we are not making progress.

As we discussed the full spectrum of public policy issues on that December day, I found myself in agreement with all of the important elements of President Bush's vision and that's why I abandoned my own plans and signed on for this job.

I'm proud to be part of his team, working to foster prosperity in every corner of this nation, and to play a part in fostering what I believe can be a golden age of economic prosperity for the world.

I'm proud to join the team of a man who believes our society is only on the frontier of its true potential. As Treasury Secretary my first priority now is to get the President's tax reform enacted.

Think back three months ago and you will remember the conventional wisdom was that if there was to be any tax reform this year it would not come before September or October and it certainly would not be more than half the size that President Bush was recommending. The President refused to accept that timetable. The result, the House has already passed several pieces of the President's tax relief plan. And in a vote on April 6th, 65 members of the Senate supported a ten-year tax cut of $1.27 trillion and $85 billion of immediate tax relief.

I believe next week we will see the House and Senate come together around a tax relief number that is very close to the President's request. That's leadership in action.

You've all seen projections that we are going to have a $5.6 trillion surplus in Washington over the next 10 years. Private forecasts are close to Washington forecasts on this subject. The President has put together a reasonable budget plan that pays down $2 trillion in publicly held debt, provides $1.6 trillion for tax reform, and funds all of our budget priorities. We've got some work to do convincing the Congress that a 4 percent increase in spending is plenty to cover our needs, but we'll get there.

The slowdown in the economy makes it all the more important that the Congress act on tax relief quickly. We can put money in people's pockets this year, with the knowledge that it is just the first installment of permanent tax relief, and we can reignite the spark of economic growth.

As soon as we have tax relief in place, we will turn our attention to Social Security. Standing alone against the pundits' advice that he should not say anything about Social Security in his campaign, he championed the cause of long needed reform.

I remember going before the Senate Appropriations Committee in 1973 with George Shultz who was then-Director of the Office of Management and Budget. He told the Committee that we needed to fix Social Security before it led to an intergenerational fight between the young and the old because the system could not be sustained as the age balance in our population shifted. That was twenty-eight years ago – and, the time to make necessary changes is running out.

President Bush is committed to fixing Social Security. He has already announced that he will create a commission to develop the framework we need in order to put specific legislative recommendations before the Congress. The President will keep us focused on this issue and, as in tax reform, we will produce a good result for the American people; quicker and better than the naysayers expect.

Further down the track, it is my hope that we can turn our attention to tax code simplification. The code today encompasses 9,500 pages of very small print. While every word in the code has some justification, in its entirety it is an abomination. It imposes $150 billion or more of annual cost on our society with no value creation. We are worthy of better.

I want to turn for a moment to the world outside the United States and say a few words about the international financial institutions.

I want to begin with a declaration. I believe the international financial institutions are a necessary and important part of our past, present and future. But I am concerned that their future will be constrained unless we can work together to reduce the amount of time and money they spend on fire fighting. Certainly, there will always be unexpected events that we and the institutions will have to deal with, but fire fighting should be the exceptional cases for these institutions, not the norm. In examining some fire fighting cases, it is clear to me that some professional economists and financial people knew beforehand that economic conditions were deteriorating. Dealing with such situations before they turn into a contagious disease seems to me to be the preferred policy. In a sense, doing so in advance requires taking more responsibility, because you have to stick your neck out and tell people what needs to be done before crisis forces your hand. But I don't know any other way to fulfill my fiduciary responsibility to the American people.

As we in the finance ministries of the world talk glibly about billions of dollars of support for policies gone wrong, we need to remember that the money we are entrusted with came from plumbers and carpenters who sent 25% of their $50,000 annual income to us for wise use.

Finally, I want to comment on the challenges that are internal to the Treasury Department and, more broadly, to the Federal Government.

I can tell from some of the editorial comments that I have seen that some people are mystified as to why I would bother myself with anything that didn't rise to the level of global finance and Presidential policy making. These commentators don't understand my notion of leadership. In a nutshell, that notion is this: Excellence is a habit.

If your organization is not striving to be the best in the world at everything you do, then you are unlikely to be truly excellent as an organization. Let me take this down from the lofty to the concrete. In the organization that I left in December, it took us 2-1/2 days to close our financial books at more than 300 locations in 36 countries. It takes the Federal Government five months to close our books; and then the auditors give us a qualified opinion. This is not the stuff of excellence.

Let me hasten to add, this is not the fault of the workforce. The Federal workforce can deliver what the leadership asks for. I have begun to ask for plenty from the Treasury Department workforce, beginning with workplace safety. Parenthetically, I find it odd to be criticized for caring about the health and safety of the 160,000 people who depend on me for leadership. I proved in my previous work life that it is possible to build an organization that is known for excellence; based on a foundation of dignity and respect for every individual.

I will continue to do the same in my new work as I strive to give meaning, in every way, to President Bush's vision.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

Text As Prepared For Delivery
Embargoed Until 12:45 p.m. EDT
April 20, 2001

Contact: Public Affairs
(202) 622-2960

TREASURY SECRETARY PAUL O'NEILL TO THE NEW YORK SAVINGS BOND LUNCHEON

Thank you Ivan (Seidenberg). Please stay here for a moment so I can present you with this certificate appointing you Chair of the Greater New York Savings Bond Campaign. And, thank you and the members of your committee for taking leadership for the savings bond effort here in New York.

I'd also like to thank Richard Carrión, of Banco Popular for leading our national effort to encourage Americans to save and invest, and make savings bonds an integral part of their financial plans. Richard has also been playing a key role in working with us here at Treasury in our efforts to provide banking services to those who have been under-served. I know first-hand how important your work, and the work of the committee is from two perspectives: first, as a volunteer member of this committee a decade ago, and now as Treasury Secretary.

Now, I'd like to recognize two companies for their achievements in last year's campaign by presenting them with Treasury's Golden Eagle award. First I'd like to recognize Johnson&Johnson for its achievement. Will Russ Deyo join me so I can present the award. With 83 percent of their employees buying bonds, J&J is the country's participation leader. Great Job!

Next is Metropolitan Life Insurance Company. Will Joseph Reali come forward. Met Life has 52 percent of their employees buying bonds. Thank you for your tremendous support.

You are all here today because you believe in the savings bond program, and the larger goal of financial security for America's families. I salute you for working to expand financial security to more and more Americans.

PO-210

Financial security is at the foundation of the President's agenda for the nation. First, he has made education his number one priority, because a good education is the basis for economic success. Second, he's put together a budget that grows family budgets by trimming wasteful Washington spending and letting working American's keep more of what they earn. Finally, he's announced he will form a Social Security commission to ensure personal retirement security for all Americans.

It was clear to me from the day I first met with George W. Bush to discuss joining his Cabinet that he is a serious man who believes deeply in the goodness of America and what we can achieve. That was clear to me from the day I first met with him to discuss joining his Cabinet. We talked about principles and policies and means, beginning with education. The principle is "no child left behind." And he's intent on putting the policies and resources in place to achieve that goal.

When all our children are receiving the best possible education, they'll be ready to join and succeed in a vibrant economy, achieving greater financial security for themselves and their families.

The President's tax relief plan also will enhance financial security for all Americans. The typical family will keep $1,600 more of their hard-earned money. And cutting tax rates will help grow the economy, creating more investment and more jobs.

The President is moving his tax cut plan through the Congress faster than anyone would have thought possible. In January, the conventional wisdom in Washington held that the Congress couldn't pass a tax cut before September. The President wouldn't accept that timetable – he insisted we get money back in people's pockets as soon as possible. And Congress has responded. The House has already passed several elements of the President's tax relief plan. In the Senate both Republicans and Democrats have embraced a minimum of $1.3 trillion in tax relief, accelerated to this year.

If we don't send the tax surplus back to the taxpayers, it will be spend in Washington. The President believes that families know better how to spend and save their hard-earned income. We're cutting taxes to increase family budgets instead of increasing Washington's budget.

The President is looking ahead – not just at how to increase family budgets today but also how to increase retirement security in the future. We need to give every working American the opportunity to take the initiative now, and save to enjoy those retirement years. Millions of Americans depend on Social Security, it is a social contract between the generations that we must honor and we will honor. For too long, Washington has shied away from this difficult issue.

I remember going before the Senate Appropriations Committee in 1973 with George Shultz who was then-Director of the Office of Management and Budget. He told the Committee that we needed to fix Social Security before it led to an intergenerational fight between the young and the old because the system could not be sustained as the age balance in our population shifted. That was twenty-eight years ago – and time to make necessary changes is running out.

Standing alone against the pundits' advice that he should not say anything about Social Security in his campaign, President Bush championed the cause of long-needed reform. He has announced that he will create a commission to develop the framework we need in order to put specific legislative recommendations before the Congress. The President will keep us focused on this issue and we will produce a good result for the American people; quicker and better than the naysayers expect.

We're not going to wait until we are on the brink of disaster to solve this problem. One of the reforms we will consider is setting up voluntary personal accounts within Social Security to allow people to save for their retirement years.

Personal savings is another pillar of retirement security. Individuals should have many options, and design their savings plans to suit their individual needs. I'm not going to give you investment advice -- the exact mix of where you place your savings, be they for retirement or for other goals like educating your children, depends on where you are in life. But it's clear that Savings Bonds can play a role in anchoring a portfolio so it can hold steady in shifting markets.

Treasuries have provided just such an anchor for more than two centuries. And our plans to reduce the debt make sure that savings bonds, which play an important role in encouraging people to save, continue to be part of out financing mix. Savings Bonds are the Treasury securities accessible to just about everyone.

We're working hard at Treasury to make Savings Bonds and our other securities even more accessible and easy to buy. Saving bonds are available:

- over the Internet,
- through an automatic purchase arrangement by preauthorized debit to your bank account we call EasySaver,
- through payroll savings where you work, and;
- as always through banks and thrift institutions.

We're not here today only to extol the virtues of Savings bonds. We're here today to honor the broader mission of the Savings Bonds Program-- and the work that all of you do as part of the program -- spreading the word and teaching the importance of saving and investing.

Financial security can't just be handed out from Washington. We can only create the environment and the tools that enable more individuals to achieve financial security. Government can foster the environment for sound, sustainable economic growth through prudent fiscal and tax policy but it is the energy and creativity of the American people that create the products and services that make the economy grow.

Individual Americans must make the decision to save for their future – and their children's future. Saving allows families to improve their standard of living over time, and move up the economic ladder of success. I thank all of you for the work you do improving the lives of families across America by teaching them to save.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
April 19, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $2,000 million par of its outstanding issues. A total of 12 issues maturing between February 2015 and August 2019 were eligible for this operation. The settlement date for this operation will be April 23, 2001. Summary results of this operation are presented below.

(amounts in millions)

Offers Received (Par Amount):	$8,040
Offers Accepted (Par Amount):	2,000
Total Price Paid for Issues (Less Accrued Interest):	2,696
Number of Issues Eligible:	
For Operation:	12
For Which Offers were Accepted:	10
Weighted Average Yield of all Accepted Offers (%):	5.716
Weighted Average Maturity for all Accepted Securities (in years):	16.4

Details for each issue accompany this release.

April 19, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
11.250	02/15/2015	510	25	154.093	154.093
10.625	08/15/2015	685	45	148.843	148.835
9.875	11/15/2015	615	34	141.750	141.731
9.250	02/15/2016	636	461	135.750	135.681
7.250	05/15/2016	118	0	N/A	N/A
7.500	11/15/2016	625	0	N/A	N/A
8.750	05/15/2017	916	335	131.671	131.642
8.875	08/15/2017	1,011	335	133.203	133.149
9.125	05/15/2018	695	145	136.500	136.496
9.000	11/15/2018	701	25	135.531	135.531
8.875	02/15/2019	997	585	134.312	134.285
8.125	08/15/2019	531	10	126.093	126.093

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield	Weighted Average Accepted Yield	Par Amount Privately Held*
11.250	02/15/2015	912810DP0	5.580	5.580	9,480
10.625	08/15/2015	912810DS4	5.613	5.614	3,894
9.875	11/15/2015	912810DT2	5.634	5.635	4,850
9.250	02/15/2016	912810DV7	5.653	5.659	4,850
7.250	05/15/2016	912810DW5	N/A	N/A	17,724
7.500	11/15/2016	912810DX3	N/A	N/A	17,189
8.750	05/15/2017	912810DY1	5.711	5.713	13,532
8.875	08/15/2017	912810DZ8	5.717	5.721	10,281
9.125	05/15/2018	912810EA2	5.741	5.741	5,833
9.000	11/15/2018	912810EB0	5.757	5.757	6,774
8.875	02/15/2019	912810EC8	5.767	5.769	13,372
8.125	08/15/2019	912810ED6	5.793	5.793	17,102

Total Par Amount Offered: 8,040

Total Par Amount Accepted: 2,000

Note: Due to rounding, details may not add to totals.

*Amount outstanding after operation. Calculated using amounts reported on announcement.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

April 20, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

TREASURY ANNOUNCES IRS RULING PROCESS FOR THE ALTERNATIVE FUELS CREDIT WILL RESUME

The Internal Revenue Service today issued Revenue Procedure 2001-30, announcing it will resume the ruling process for the section 29 alternative fuels tax credit. This action reverses the October 2000 Rev. Proc. 2000-47, in which the IRS announced that it would not issue advance rulings on synthetic fuels tax credit eligibility.

Rulings had been suspended to provide time for the IRS and Treasury to study the issue. The IRS is resuming ruling based on the standards embraced by the IRS previously to determine eligibility for the credit. The Rev. Proc. is balanced with provisions to ensure the credit is limited to facilities eligible for the credit under the statute. The decision to resume the ruling process should increase certainty for taxpayers seeking private letter rulings from the IRS on questions related to the application of section 29.

A copy of the Rev. Proc. is attached.

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Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.
(Also Part I, § 29.)

Rev. Proc. 2001-30

SECTION 1. PURPOSE

This revenue procedure informs the public of the Internal Revenue Service's decision to issue private letter rulings regarding whether a solid fuel produced from coal is a qualified fuel under § 29(c)(1)(C) of the Internal Revenue Code under the circumstances described in section 3 of this revenue procedure.

SECTION 2. BACKGROUND

Section 2.01 of Rev. Proc. 2001-3, 2001-1 I.R.B. 111, provides that whenever appropriate in the interest of sound tax administration, it is the policy of the Service to answer inquiries of individuals and organizations regarding their status for tax purposes and the tax effects of their acts or transactions, prior to the filing of returns or reports that are required by the revenue laws. There are, however, certain areas in which, because of the inherently factual nature of the problems involved, or for other reasons, the Service will not issue rulings or determinations letters.

Section 4 of Rev. Proc. 2001-3 sets forth those areas in which rulings or determination letters will not ordinarily be issued. "Not ordinarily" means that unique and compelling reasons must be demonstrated to justify the issuance of a ruling or determination letter. Section 2.01 of Rev. Proc. 2001-3.

Section 4.02(1) of Rev. Proc. 2001-3 provides that the Service will not ordinarily issue rulings or determination letters regarding any matter in which the determination requested is primarily one of fact, for example, market value of property, or whether an interest in a corporation is to be treated as stock or indebtedness.

Section 5 of Rev. Proc. 2001-3 sets forth those areas under extensive study in which rulings or determination letters will not be issued until the Service resolves the issue through publication of a revenue ruling, revenue procedure, regulations, or otherwise.

Section 5.01 of Rev. Proc. 2001-3 provides that the Service will not issue rulings or determination letters on whether a solid fuel other than coke or a fuel produced from waste coal is a qualified fuel under § 29(c)(1)(C). Waste coal for this purpose is limited to waste coal fines from normal mining and crushing operations and does not include fines produced (for example, by crushing run-of-mine coal) for the purpose of claiming the credit.

Section 5.01 of Rev. Proc. 2001-3 supersedes Rev. Proc. 2000-47, 2000-46 I.R.B. 482. Rev. Proc. 2000-47 was published because concern had been raised that taxpayers were claiming the § 29 credit for processing coal in ways that may not have been intended by the Congress. Rev. Proc. 2000-47 requested comments concerning the standard to be applied in determining whether fuel produced from coal is a solid synthetic fuel. The Service received extensive comments.

Section 29 provides a credit against income tax for the production and sale of "qualified fuels" produced from a nonconventional source. Section 29(c)(1)(C) provides that qualified fuels include liquid, gaseous, or solid synthetic fuels produced from coal (including lignite).

Rev. Rul. 86-100, 1986-2 C.B. 3, adopts for purposes of § 29(c)(1)(C) the definition of synthetic fuel in § 1.48-9(c)(5) of the Income Tax Regulations. Section 1.48-9(c)(5)(ii) provides that, to be "synthetic," a fuel must differ significantly in chemical composition, as opposed to physical composition, from the substance used to produce it. Rev. Rul. 86-100 describes favorably processes such as gasification, liquefaction, and production of solvent refined coal that result in substantial chemical changes to the entire coal feedstock rather than changes that affect only the surface of the coal.

Section 29(f) provides that § 29 applies to qualified fuels that are produced in a facility placed in service after December 31, 1979, and before January 1, 1993, and that are sold before January 1, 2003. Section 29(g)(1)(A) provides that a facility for producing qualified fuels described in § 29(c)(1)(C) is treated for this purpose as being placed in service before January 1, 1993, if the facility is placed in service before July 1, 1998, pursuant to a binding written contract in effect before January 1, 1997. For a facility that meets this condition and is originally placed in service after December 31, 1992, § 29(g)(1)(B) provides that the § 29 credit applies to qualified fuels that are sold before January 1, 2008.

Property is "placed in service" in the taxable year the property is placed in a condition or state of readiness and availability for a specifically assigned function. See, for example,

§ 1.167(a)-11(e)(1)(i). Thus, the § 29 credit is not allowed for fuel produced in a facility that was originally placed in service for a function other than producing qualified fuel under § 29(c)(1)(C) and was not converted into a facility for producing qualified fuel until after June 30, 1998

The Service interprets § 29(f) and (g) to allow the § 29 credit for qualified fuel produced in a facility after its modification only if the modification was placed in service before July 1, 1998, or does not significantly increase the production capacity of the facility or significantly extend the life of the facility For example, a facility (including one of multiple facilities located at the same site) may be relocated without affecting the availability of the credit if all essential components of the facility are retained and the production capacity of the relocated facility is not significantly increased at the new location If, however, the essential components of a single facility are combined after June 30, 1998, with other components that were not part of the facility on June 30, 1998, to create multiple facilities or significantly increase production capacity, the credit will not be allowed for fuel produced at any of those facilities.

After reviewing the comments received in response to Rev Proc. 2000-47 and reconsidering its interpretation of § 29(c)(1)(C), the Service has decided that the significant chemical change standard of Rev Rul 86-100 is the correct standard. The Service has also decided to resume the issuance of rulings under § 29(c)(1)(C), but only in the circumstances described below.

The Service is willing to issue rulings that do not go beyond the processes approved in the rulings issued prior to 2000 One procedure common to all of those processes (other than processes for the production of coke and similar products) is the use of elevated temperature and pressure to produce briquettes, pellets, or an extruded fuel product. The Service is also willing to rule with respect to a process that omits this procedure if the process is otherwise consistent with a process approved in a pre-2000 ruling and the omission of the procedure will not significantly increase the production output of the facility. Accordingly, the Service will issue rulings regarding whether a solid fuel (other than coke) is a qualified fuel under § 29(c)(1)(C) under the circumstances described in section 3 of this revenue procedure.

SECTION 3. PROCEDURE

The Service will issue rulings that a solid fuel (other than coke) produced from coal is a qualified fuel under § 29(c)(1)(C) if the conditions set forth below are satisfied and evidence is presented that all, or substantially all, of the coal used as feedstock undergoes a significant chemical change. The conditions are that:

1. The feedstock coal consists entirely of coal fines or crushed coal comprised of particles no larger than 1/8 inch,

2. The feedstock coal is thoroughly mixed in a mixer: (a) with styrene or other monomers following an acid bath, (b) with quinoline (C_9H_7N) or other organic resin and left to cure for several days, (c) with ultra heavy hydrocarbons, or (d) with an aluminum and/or magnesium silicate binder following heating to a minimum temperature of 500 degrees Fahrenheit, and

3. The treated feedstock is subjected to elevated temperature and pressure that results in briquettes, pellets, or an extruded fuel product, or the taxpayer represents that the omission of this procedure will not significantly increase the production output of the facility over the remainder of the period during which the § 29 credit is allowable.

SECTION 4. EFFECTIVE DATE

This revenue procedure applies to all ruling requests, including any pending in the national office and any submitted after the date of publication of this revenue procedure.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Section 5.01 of Rev. Proc. 2001-3 is revoked.

DRAFTING INFORMATION

The principal author of this revenue procedure is David McDonnell of the Office of Associate Chief Counsel (Passthroughs and Special Industries). Other personnel from the IRS and Treasury participated in its development. For further information regarding this revenue procedure contact Mr. McDonnell on (202) 622-3120 (not a toll-free call).

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

For Immediate Release
April 20, 2001

Contact: Karen Mocker, CDFI Fund
(202) 622-8401
Tony Fratto, Treasury
(202) 622-2960

GUIDANCE ISSUED ON NEW MARKETS TAX CREDIT PROGRAM

Washington, DC – The Community Development Financial Institutions (CDFI) Fund, U.S. Department of the Treasury, issued guidance today on the New Markets Tax Credit (NMTC) Program. At the same time, the Internal Revenue Service (IRS) issued an Advance Notice of Proposed Rulemaking (ANPRM) on tax issues related to the program. The guidance and the ANPRM will initially be posted on the Treasury Department's website at http://www.treas.gov/cdfi/programs/newmarkets/index.html and will be published in the Federal Register the week of April 23, 2001.

The guidance includes information on how entities will apply to receive allocations of NMTCs, the competitive procedure through which allocations will be made and actions that will be taken to ensure that proper allocations are made to appropriate entities. The guidance seeks comment from the public on certain matters.

The ANPRM requests public comments about various tax issues that the IRS may address in regulations relating to the New Markets Tax Credit. In order to facilitate the regulatory process, the ANPRM requests comments within 60 days of its publication in the Federal Register, although comments after that date are welcome.

On December 21, 2000, the Community Renewal Tax Relief Act of 2000 was signed into law as a result of a bipartisan initiative. This landmark legislation includes the NMTC, which will spur the investment of $15 billion in new private capital into a range of privately managed investment vehicles that make loans and equity investments in low-income communities.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 23, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	April 26, 2001
Maturity Date:	July 26, 2001
CUSIP Number:	912795HD6

High Rate: 3.655% Investment Rate 1/: 3.741% Price: 99.076

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 84%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 18,822,975	$ 7,185,715
Noncompetitive	1,335,596	1,335,596
FIMA (noncompetitive)	479,000	479,000
SUBTOTAL	20,637,571	9,000,311 2/
Federal Reserve	5,274,618	5,274,618
TOTAL	$ 25,912,189	$ 14,274,929

Median rate 3.615%: 50% of the amount of accepted competitive tenders as tendered at or below that rate. Low rate 3.550%: 5% of the amount f accepted competitive tenders was tendered at or below that rate.

id-to-Cover Ratio = 20,637,571 / 9,000,311 = 2.29

/ Equivalent coupon-issue yield.
/ Awards to TREASURY DIRECT = $1,073,683,000

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 23, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	April 26, 2001
Maturity Date:	October 25, 2001
CUSIP Number:	912795HT1

High Rate: 3.665% Investment Rate 1/: 3.786% Price: 98.147

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 55%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 19,604,415	$ 6,207,915
Noncompetitive	1,441,314	1,441,314
FIMA (noncompetitive)	353,000	353,000
SUBTOTAL	21,398,729	8,002,229 2/
Federal Reserve	4,249,729	4,249,729
TOTAL	$ 25,648,458	$ 12,251,958

Median rate 3.640%: 50% of the amount of accepted competitive tenders 'as tendered at or below that rate. Low rate 3.630%: 5% of the amount ·f accepted competitive tenders was tendered at or below that rate.

id-to-Cover Ratio = 21,398,729 / 8,002,229 = 2.67

/ Equivalent coupon-issue yield.
/ Awards to TREASURY DIRECT = $1,205,219,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

April 24, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

BROAD RANGE OF TAXPAYERS WILL BENEFIT FROM THE PRESIDENT'S TAX RELIEF PLAN

Today the Treasury Department released new data that show how many Americans will benefit from the President's tax relief plan when it is fully phased in.

Treasury Secretary Paul O'Neill stated, "These numbers show that President Bush's tax relief plan will let tens of millions of working Americans and their families keep more of their hard-earned income."

When fully phased-in:

- 103 million individuals and families will receive an average tax cut of $1,117.
- 74 million women will receive an average tax cut of $1,304.
- 36 million families with children will keep on average an extra $1,617 for their needs, such as their children's education.
- 8 million hard-working single moms will be able to keep on average $712 more of their paychecks for their family's most pressing needs.
- 13.4 million seniors will be able to keep on average $892 more of their income.
- 3.6 million individuals and families will have their tax liability completely eliminated by the President's tax relief plan.

"The numbers speak for themselves and they speak with a single voice: The President's plan gives tax relief to grandparents, grandchildren, and millions of Americans in between," stated O'Neill.

Source: Office of Tax Analysis. Projections based on 2002 income and population levels. The analysis is based on the following provisions: creating a new 10 percent individual income tax bracket, reducing individual income tax rates, reducing the marriage penalty, providing charitable deductions for non-itemizers, and increasing the child tax credit.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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April 24, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

FARMERS REAP BENEFITS FROM THE PRESIDENT'S TAX RELIEF PLAN

Today the Treasury released new data showing how the President's $1.6 trillion tax cut over ten years would yield a bumper crop of tax relief for America's farms—those taxpayers reporting either farm income or loss.

DIRECT BENEFITS TO FARMERS AND THEIR FAMILIES

- When fully phased in (in 2006), 1.8 million farmers and their families would benefit from President Bush's tax cut package.
- Farmers and their families would receive $33.5 billion in tax relief from the President's rate cuts over ten years.
- Farmers and their families also would receive additional tax relief from repeal of the Death tax over ten years.
  - President Bush's death tax elimination proposal would deliver $272 billion in tax relief over the next ten years.
  - Individuals with farm assets or liabilities account for 16.3 percent of all death tax liability.
- Farm families also would benefit from the President's new FFARRM savings accounts.
  - These FFARRM accounts would help families handle the fluctuations of earnings that are a fact of farm life.
  - Farm families would be able to deposit tax-free up to 20 percent of their farm incomes annually.
  - Then within five years they could withdraw the money as taxable income and use it to meet the needs of their families or their farms.
  - FFARRM accounts would provide an additional $1 billion in tax relief over ten years.

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FURTHER BENEFITS TO FARMERS AND THEIR FAMILIES

- Tax relief will mean that farm families have more to invest in their farms, thus earning greater returns from their work and investment.

- Death tax repeal will mean farm families will save every year by not having to pay for estate planning and life insurance premiums to protect the family farm.

- Of course, farmers, like other American income taxpayers, stand to benefit from the other elements of President Bush's tax relief proposal -- such as marriage penalty relief, education savings incentives, and others.

Data Source: Office of Tax Analysis

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
April 24, 2001

Contact: Public Affairs
(202) 622-2960

TREASURY NAMES COLOMBIAN DRUG KINGPIN TO TRAFFICKERS LIST

The Treasury Department today added the name of Victor Julio Patiño Fomeque, a Colombian drug cartel kingpin, to the list of Specially Designated Narcotics Traffickers (SDNTs). SDNTs are subject to the economic sanctions imposed against Colombian drug cartels.

The Treasury action blocks the assets of SDNTs found in U.S. jurisdiction and prohibits Americans from doing business with them, thereby further exposing, isolating, and incapacitating Colombian drug cartels and their agents. The Colombian drug kingpin named to the SDNT list today by Treasury manages maritime drug smuggling operations out of the Pacific port of Buenaventura, Colombia. In addition to the drug kingpin, Treasury added three businesses and twenty-six associated individuals that it has determined are acting as fronts for Victor Julio Patiño Fomeque.

This action is part of the ongoing interagency effort of the Treasury, Justice and State Departments to carry out Executive Order 12978, signed on October 21, 1995, which applies economic sanctions against the Colombian drug cartels. With the addition of the names released today, the assets of a total of 578 businesses and individuals are blocked under the 1995 Executive Order; and those businesses and individuals are prohibited from American financial and business dealings. The list of SDNTs now includes ten kingpins from Colombia's drug cartels, namely Cali cartel drug kingpins Gilberto Rodriguez Orejuela, Miguel Rodriguez Orejuela, Jose Santacruz Londoño, Helmer Herrera Buitrago, and Juan Carlos Ramirez Abadia; North Coast cartel drug kingpin Julio Cesar Nasser David; and North Valle cartel drug kingpins Ivan Urdinola Grajales, Julio Fabio Urdinola Grajales, and Arcangel de Jesus Henao Montoya. The U.S. Government will continue to identify businesses owned or controlled by Colombian drug cartels and expand the SDNT list to include additional drug traffickers and their organizations.

The list of businesses and individuals named by Treasury today as SDNTs is attached and available at www.treas.gov/ofac, as is the entire list of SDNTs. The list will be published in the <u>Federal Register</u> at a later date.

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Additional Specially Designated Narcotics Traffickers

Principal individual:

1. PATIÑO FOMEQUE, Victor Julio,
(a.k.a. PATIÑO FOMEQUE, Victor Hugo),
Avenida 4N No. 10N-100, Cali, Colombia;
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
c/o TAURA S.A., Cali, Colombia;
c/o GALAPAGOS S.A., Cali, Colombia;
DOB 31 Jan 1959;
Cedula No. 16473543 (Colombia)(individual)

Entities:

1. INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
(a.k.a. INPESCA S.A.),
Km. 5 El Pinal, Buenaventura, Colombia;
Av. Simon Bolivar Km. 5 El Pinal, Buenaventura, Colombia;
NIT # 890302172-4 (Colombia)

2.TAURA S.A.,
Calle 13 No. 68-06, Of. 204, Cali, Colombia;
Calle 13 No. 68-26, Of. 214, 313 & 314, Cali, Colombia;
Carrera 115 No. 16B-121, Cali, Colombia;
NIT # 800183713-1 (Colombia)

3. GALAPAGOS S.A.,
Calle 24N No. 6AN-15, Cali, Colombia;
Carrera 115 No. 16B-121, Cali, Colombia;
NIT # 800183712-2 (Colombia)

Individuals:

1. ARMERO RIASCOS, Jose Eliecer,
Carrera 5 No. 8-00, Buenaventura, Colombia;
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
Cedula No. 16471549 (Colombia) (individual)

2. BUENDIA CUELLAR, Luis Alfonso,
c/o GALAPAGOS S.A., Cali, Colombia;
Cedula No. 6044411 (Colombia) (individual)

3. CAICEDO VERGARA, Nohemy,
(a.k.a. CAICEDO VERGARA, Nohemi),
Km. 4 El Pinal, Buenaventura, Colombia;
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
Cedula No. 31375185 (Colombia) (individual)

4. DELGADO GUTIERREZ, Luis Alvaro,
c/o TAURA S.A., Cali, Colombia;
Cedula No. 16718474 (Colombia) (individual)

5. DUQUE BOTERO, Jorge Alirio,
Calle 5 No. 5A-49, Buenaventura, Colombia;
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
Cedula No. 616084 (Colombia) (individual)

6. ECHEVERRY HERRERA, Hernando,
(a.k.a. ECHEVERRI HERRERA, Hernando),
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
Cedula No. 1625525 (Colombia) (individual)

7. FOMEQUE BLANCO, Amparo,
Mz. 21 Casa 5 Barrio San Fernando, Pereira, Colombia;
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
Cedula No. 31206092 (Colombia) (individual)

8. FOMEQUE CAMPO, Deicy,
(a.k.a. FOMEQUE CAMPO, Daysy),
Avenida 4N No. 10N-100, Cali, Colombia;
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
Cedula No. 38650034 (Colombia) (individual)

9. GARAVITO, Doris Amelia,
c/o GALAPAGOS S.A., Cali, Colombia;
Cedula No. 31233463 (Colombia) (individual)

10. GARCIA PIZARRO, Gentil Velez,
c/o GALAPAGOS S.A., Cali, Colombia;
Cedula No. 6616986 (Colombia) (individual)

11. GARCIA VARELA, Luis Fernando,
c/o TAURA S.A., Cali, Colombia;
Cedula No. 16282923 (Colombia) (individual)

12. GILMAN FRANCO, Maria,
c/o TAURA S.A., Cali, Colombia;
Cedula No. 22103099 (Colombia) (individual)

13. GONGORA ALARCON, Hernando,
c/o TAURA S.A., Cali, Colombia;
Cedula No. 19298944 (Colombia) (individual)

14. GUZMAN VELASQUEZ, Luz Marcela,
c/o TAURA S.A., Cali; Colombia;
Cedula No. 43568327 (Colombia) (individual)

15. HERNANDEZ, Oscar,
Mz. 21 Casa 5 Barrio San Fernando, Pereira, Colombia;
c/o TAURA S.A., Cali, Colombia;
Cedula No. 6157940 (Colombia) (individual)

16. HERRAN SAAVEDRA, Victor Hugo,
c/o GALAPAGOS S.A., Cali, Colombia;
Cedula No. 16447166 (Colombia) (individual)

17. MORALES CASTRILLON, Victor Hugo,
c/o TAURA S.A., Cali, Colombia;
Cedula No. 16620349 (Colombia) (individual)

18. MORENO DAZA, Ricardo Alfredo,
Carrera 38D No. 4B-57, Cali, Colombia;
c/o GALAPAGOS S.A., Cali, Colombia;
c/o TAURA S.A., Cali, Colombia;
Cedula No. 16631400 (Colombia) (individual)

19. PATIÑO FOMEQUE, Sonia Daysi,
(a.k.a. PATIÑO FOMEQUE, Sonia Daicy),
Calle 9 Oeste No. 25-106, Cali, Colombia;
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
Cedula No. 66920533 (Colombia) (individual)

20. PATIÑO NARANJO, Joaquin Gustavo,
Avenida 4N No. 10N-100, Cali, Colombia;
c/o INDUSTRIA DE PESCA SOBRE EL PACIFICO S.A.,
Buenaventura, Colombia;
Cedula No. 2730245 (Colombia) (individual)

21. PINZON CEDIEL, John Jairo,
c/o TAURA S.A., Cali, Colombia;
Cedula No. 13542103 (Colombia) (individual)

22. RAMIREZ ESCUDERO, Pedro Emilio,
Calle 6A No. 48-36, Cali, Colombia;
c/o GALAPAGOS S.A., Cali, Colombia;
Cedula No. 16280602 (Colombia) (individual)

23. ROMAN DOMINGUEZ, Erika,
c/o TAURA S.A., Cali, Colombia;
Cedula No. 66955540 (Colombia) (individual)

24. SARMIENTO MARTINEZ, Diana,
c/o TAURA S.A., Cali, Colombia;
Cedula No. 65698369 (Colombia) (individual)

25. VILLADA ZUNIGA, Elmer,
Calle 15 No. 20-10, Cali, Colombia;
c/o TAURA S.A., Cali, Colombia;
Cedula No. 14988902 (Colombia) (individual)

26. ZAMORA RUIZ, Alexander,
c/o INPESCA S.A., Buenaventura, Colombia;
Cedula No. 16498805 (Colombia) (individual)

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 04/24/01

The Treasury Department today released U.S. reserve assets data for the week ending April 20, 2001. As indicated in this table, U.S. reserve assets totaled $65,390 million as of April 20, 2001, up from $64,809 million as of April 13, 2001.

(in US millions)

I. Official U.S. Reserve Assets	April 13, 2001			April 20, 2001		
TOTAL	64,809			65,390		
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,291	10,615	15,906	5,331	10,757	16,088
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	8,944	4,596	13,539	9,141	4,657	13,798
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			13,886			*13,966*
3. Special Drawing Rights (SDRs) [2]			10,432			*10,492*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for April 13 are final. The entries in the table above for April 20 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of February 28, 2001. The January 31, 2001 value was $11,046 million.

PO-220

U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	April 13, 2001	April 20, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	April 13, 2001	April 20, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

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EMBARGOED UNTIL 9:00 A.M.
April 25, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On April 26, 2001, the Treasury will buy back up to $2,000 million par of its outstanding issues that mature between February 2019 and February 2023. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

oOo

Attachment

PO-221

HIGHLIGHTS OF TREASURY DEBT BUYBACK OPERATION

April 25, 2001

Par amount to be bought back .... Up to $2,000 million
Operation date .... April 26, 2001
Operation close time .... 11:00 a.m. eastern daylight saving time
Settlement date .... April 30, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions .... ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*	Par Amount Held as STRIPS**
8.875	02/15/2019	912810 EC 8	15,745	13,372	5,360
8.125	08/15/2019	912810 ED 6	19,306	17,102	1,272
8.500	02/15/2020	912810 EE 4	9,888	8,402	1,609
8.750	05/15/2020	912810 EF 1	8,254	6,752	4,741
8.750	08/15/2020	912810 EG 9	18,638	16,456	8,960
7.875	02/15/2021	912810 EH 7	10,255	9,168	813
8.125	05/15/2021	912810 EJ 3	10,674	9,056	4,424
8.125	08/15/2021	912810 EK 0	10,503	8,845	1,303
8.000	11/15/2021	912810 EL 8	31,432	28,339	17,954
7.250	08/15/2022	912810 EM 6	10,243	9,359	682
7.625	11/15/2022	912810 EN 4	8,500	6,899	4,221
7.125	02/15/2023	912810 EP 9	17,004	14,369	7,201
		Total	170,442	148,119	58,540

* Par amounts are as of April 24, 2001.
** Par amounts are as of April 23, 2001.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System.

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**NOT FOR PUBLICATION ***NOT FOR PUBLICATION

April 25, 2001

CONTACT: Sean Miles
202-622-2960

MEDIA ADVISORY

The following is a tentative press schedule for the G-7 Finance Ministers meeting hosted by Treasury Secretary Paul O'Neill. Times are tentative and subject to change.

Friday, April 27, 2001

10:00 AM — Secretary O'Neill holds pre G-7 press briefing.
Treasury Department, Diplomatic Reception Room 3311
1500 Pennsylvania Ave. NW
Cameras may set at 9:00 AM

The room will be available for pre-set at 9:00 a.m. Media without Treasury or White House press credentials planning to attend should contact Treasury's Office of Public Affairs at (202) 622-2960 with the following information: name, social security number and date of birth. This information may also be faxed to (202) 622-1999

Saturday, April 28, 2001

11:30 AM — Arrivals of finance ministers and central bank governors at Blair House, 1651 Pennsylvania Avenue, NW.
Cameras may set at 11:00 AM

12:30 PM — Finance ministers and central bank governors group photo at Blair House.

2:30 PM — Pooled photo opportunity of finance ministers and central bank governors afternoon working session at Blair House.

5:00 PM — Departures of finance ministers and central bank governors from Blair House. TIME APPROXIMATE

5:30 PM — Secretary O'Neill holds post G-7 press briefing. Office of Thrift Supervision (OTS) Amphitheater, 1700 G Street, NW
Cameras may set at 4:45 PM.
TIME APPROXIMATE

Media without TREASURY, WHITE HOUSE, STATE, DEFENSE, CONGRESSIONAL, IMF/WORLD BANK credentials wishing to attend Secretary O'Neill's briefings at OTS should contact the Office of Public Affairs by phone at 202-622-2960 or by fax at 202-622-1999 with the following information: name, social security number and date of birth by 5:00 PM, Thursday, April 26 for Friday's briefing; 5:00 PM on Friday, April 27 for Saturday's briefing

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April 25, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

TREASURY STATEMENT ON THE JOINT COMMITTEE ON TAXATION STUDY ON TAX SIMPLIFICATION

Treasury Secretary Paul O'Neill welcomed the release of the Joint Committee on Taxation Study on Tax Simplification:

I welcome the Joint Committee on Taxation's study of complexity in the tax code. The study points out the seriousness of complexity and the corrosive impact it has on the tax system. It makes clear that there is a desperate need for reform. The code today encompasses 9,500 pages of very small print. While every word in the code has some justification, in its entirety it is an abomination. It imposes $150 billion or more of annual cost on our society with no value creation. Taxpayers are forced to spend too much time and money trying to comply with the tax laws. We are worthy of better. Once the President's tax cut is passed, we should turn next to more fundamental reforms to greatly simplify and minimize the effect the tax system has on both individual taxpayers and businesses.

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*U.S. Government Printing Office: 1998 - 619-559

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

)R IMMEDIATE RELEASE
>ril 25, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

ıterest Rate:	4%	Issue Date:	April 30, 2001
ɜries:	P-2003	Dated Date:	April 30, 2001
JSIP No:	9128276W7	Maturity Date:	April 30, 2003

High Yield: 4.124% Price: 99.764

All noncompetitive and successful competitive bidders were awarded ɜcurities at the high yield. Tenders at the high yield were .lotted 50%. All tenders at lower yields were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 25,824,110	$ 8,959,100
Noncompetitive	1,043,091	1,043,091
SUBTOTAL	26,867,201	10,002,191 1/
Federal Reserve	3,333,333	3,333,333
TOTAL	$ 30,200,534	$ 13,335,524

Median yield 4.100%: 50% of the amount of accepted competitive tenders .s tendered at or below that rate. Low yield 4.050%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

D-TO-COVER RATIO = 26,867,201 / 10,002,191 = 2.69
FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

Awards to TREASURY DIRECT = $813,276,000

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EMBARGOED UNTIL 11:30 A.M EDT
April 26, 2001

Contact: Tony Fratto
(202) 622-2960

STATEMENT OF JOHN B. TAYLOR NOMINEE FOR UNDER SECRETARY OF THE TREASURY FOR INTERNATIONAL AFFAIRS TO THE COMMITTEE ON FINANCE UNITED STATES SENATE

Chairman Grassley, Ranking Member Baucus, and members of the Committee on Finance, thank you for the opportunity to appear before your committee today. I am honored that President Bush has nominated me to serve as Under Secretary of Treasury for International Affairs and, if confirmed, to have the opportunity to work with Secretary O'Neill, the Treasury staff, and others in the new Administration.

If confirmed, I look forward to working closely with this committee, the Senate and your colleagues in the Congress to advance the President's ambitious economic agenda to further the well-being of the American people.

I have great enthusiasm for public service. If I am confirmed, this would be my fourth stint working in the Federal government. I am particularly interested in using my skills and experience to contribute positively to the formulation of international economic and financial policy for the United States. I majored in economics at Princeton University, and obtained a Ph.D. in economics from Stanford University. I have taught economics at Columbia, Yale, Princeton, and Stanford Universities. I have served as a Senior Economist and then as a Member of the President's Council of Economic Advisers. Some of my most vivid memories as a Member of the CEA were my international responsibilities, which included trade negotiations and working on the early days of transition in Poland and other eastern and central European economies. In recent years I have served as an adviser to the Federal Reserve System and to many central banks around the world. I have focussed much of my research on developing tools that central bankers and financial market analysts can use to analyze policy and developments in financial markets.

The role of the Treasury Under Secretary for International Affairs is to advise the Secretary and the President on U.S. participation in the international financial system, which includes such subjects as macroeconomic policy, exchange rate policy, trade and investment, and our participation in the International Monetary Fund and the World Bank. The Under Secretary also represents the United States in various bilateral and multilateral fora, and serves as the G-7 finance deputy for the United States in the G-7 process.

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Should I be confirmed, I am committed to implementing the priorities of President Bush and Secretary O'Neill. The goals of higher productivity growth and rising living standards for people in the United States will guide my work. These same goals will guide my approach to the policy challenges in the emerging market and poor developing countries, and elsewhere in the world.

Mr. Chairman, I am grateful for this opportunity. I would be pleased to answer any questions you and the other members of the Committee may have.

DEPARTMENT OF THE TREASURY

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For Immediate Release
April 26, 2001

Contact: Public Affairs
(202) 622-2960

TREASURY SECRETARY PAUL H. O'NEILL TESTIMONY BEFORE THE SENATE APPROPRIATIONS COMMITTEE SUBCOMMITTEE ON TREASURY AND GENERAL GOVERNMENT

Chairman Campbell, Senator Dorgan, and Members of this Subcommittee, I appreciate this opportunity to discuss Treasury's Fiscal Year 2002 budget request. With me today is Jim Flyzik, the Acting Assistant Secretary for Management.

This is my first time before this Subcommittee. I look forward to continuing the tradition of cooperation between the Treasury and Members of this Subcommittee and to working with Senators DeWine and Landrieu, the new Members of the Subcommittee.

The Treasury Department's FY 2002 budget supports the Administration's major goals: providing tax relief, moderating recent rapid growth in spending, while funding national priorities, paying down the debt, and protecting Social Security surpluses. Our budget request for FY 2002 totals $14.631 billion and balances fiscal accountability with the need for the resources required to maintain Treasury's operations and implement the President's priorities.

We have provided the Committee with a detailed breakdown of Treasury's entire FY 2002 budget request. Let me highlight three important areas of focus.

- *First, improving service to taxpayers and ensuring compliance with the tax laws.*
- *Second, continuing our efforts to fight drugs and crime.*
- *And third, improving management and performance.*

I will address each of these items in turn.

First, Improving Service to Taxpayers and Ensuring Compliance with the Tax Laws

PO-226

In its mission statement, the IRS has pledged to focus on two core priorities: "Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities, and apply the tax law with integrity and fairness to all."

Like President Bush, I believe strongly that the IRS should enforce the tax code fairly and evenly with the least imposition on the taxpayer. And consistent with that goal, the President has requested adequate resources to fund necessary IRS improvements. This budget represents a 6.7 percent increase over the 2001 budget, and recognizes the investments needed to modernize the IRS.

Commissioner Rossotti and the IRS have made progress implementing the 1998 reforms mandated by Congress, and the IRS has a plan to improve service and enforcement, while protecting taxpayer rights. But clearly there is much more to accomplish.

The Administration's budget request includes close to $400 million in investments to modernize the IRS' outdated computer systems. This multi-year project will help provide the IRS with better tools to improve both customer service to America's taxpayers and compliance programs designed to administer the tax code in a fair manner. The Committee has shown its support for this program in past years by making available needed funds, and we ask you to continue to support this critical program.

The President's budget also includes follow-on funding for the *STABLE* initiative to complete the hiring of almost 4,000 staff to address these same issues. This investment is important for the integrity of the tax system, which depends heavily on maintaining voluntary compliance, and to provide the service the American taxpayers deserve.

The amount in the President's budget will allow the IRS to provide America's taxpayers better quality service and help to enforce the tax laws with integrity and fairness.

Second, Continuing Our Efforts to Fight Drugs and Crime

Treasury's law enforcement bureaus perform critical roles in implementing the Administration's anti-drug and anti-crime policies. Treasury's budget request continues to support our responsibilities in law enforcement and oversight, including efforts: **(1)** to reduce the smuggling and trafficking of drugs while facilitating lawful trade; **(2)** to deter firearms violence; **(3)** to combat financial crimes and money laundering; **(4)** to protect our nation's leaders; and **(5)** to provide quality law enforcement training. Although the range of involvement in law enforcement issues across the Department is broad, I want to highlight some specific examples of Treasury efforts that support the President's priorities of combating crime and drug abuse and that emphasize improved public safety and enhanced security for our citizens.

In recognition of the President's promise to increase spending to implement the Western Hemisphere Drug Elimination Act, the Customs Service, in coordination with the United States Coast Guard, requests $35 million for acquisition of selected air and water craft and surveillance and safety equipment to improve interdiction efforts against illegal drugs.

The budget recognizes the need for Customs to modernize its automated systems. Continued rapid growth in trade transactions has magnified both the urgency of proceeding with the overall modernization effort and the critical need to maintain viability of the existing Automated Commercial System, which, until recently, had been subject to an increasing number of system outages.

Therefore, the budget seeks **(1)** additional investments in the Customs automation modernization program to facilitate and manage its trade operations ($130 million) through the Automated Commercial Environment and to provide for a government-wide trade data interface through the International Trade Data System ($5.4 million); and **(2)** sufficient funding to maintain the existing Automated Commercial System while the modernization effort is underway.

This budget provides for the Bureau of Alcohol, Tobacco and Firearms to continue its ongoing efforts in the following programs: the Integrated Violence Reduction Strategy , the Youth Crime Gun Interdiction Initiative, nationwide crime gun tracing, and the National Integrated Ballistics Information Network .

Enforcement of money laundering laws also contributes to stemming the flow of drugs, weapons and other contraband. This budget request maintains support for the Financial Crimes Enforcement Network to strengthen anti-money laundering efforts and enforce regulatory compliance of the Money Services Business industry, as required under the Money Laundering Suppression Act.

The threat of global terrorism, whether conventional or cyber, has intensified the demands on Treasury's enforcement bureaus to formulate innovative protective strategies that seek to integrate cyber security with traditional physical security. The budget request maintains support for the Secret Service to continue to address their complex workload and multiple mission requirements. This includes protecting our nation's leaders and our financial payment infrastructures, protecting the integrity of our currency in light of global dollarization, and safeguarding the public against terrorist acts, both conventional and cyber in nature.

Ensuring the physical protection of our nation's leaders and visiting world leaders in an environment of increased threats to political leaders remains one of Treasury's top priorities. We are requesting funding for pay reform for the U.S. Secret Service Uniformed Division (authorized in December 2000) to provide adequate incentive to attract highly qualified recruits and retain skilled and seasoned personnel.

The Department will ensure that specialized funding sources to support unique programmatic requirements are spent wisely. The Department will continue the practice of supplementing selected Treasury law enforcement bureaus' non-recurring operations and investments through the Treasury Forfeiture Fund . Another fund, the Counterterrorism Fund, supports emergency efforts across the Department. Treasury will rely on this fund to assist in covering of costs associated with, among other priorities, Treasury's role in the upcoming Salt Lake City Winter Olympics.

Third, Improving Management and Performance

This budget request also provides resources to sustain the programmatic oversight and technical support provided by Treasury Departmental Offices. This oversight and support is essential to our overall leadership role in law enforcement, tax administration, international and domestic economic and tax policy, and financial management. The request includes funding required to sustain previously approved staffing levels, with no increase in staffing levels being proposed in this request.

Throughout the Department, I am taking a keen interest in performance and the budget, viewing them as integral to our efforts to establish goals and measure results. Part of this process will require us to improve our performance measures to make them more useful in and relevant to the decision-making process, as well as the improving the timeliness and accuracy of the information systems that capture and report performance data. This is an opportunity to fundamentally review what we do and why we do it. Therefore, the FY 2001 and FY 2002 Performance Plans presented in the budget may be revised pending completion of this review. Treasury will notify Congress of any such revisions in a timely manner.

Good stewardship of taxpayer resources is a responsibility I take seriously. We must provide the taxpayers with real value for the hard-earned tax dollars they entrust to the Treasury.

Treasury has a rich reputation for leadership and quality and I want to be a part of continuing that tradition. My notion of leadership centers on excellence.

I am thoroughly convinced that if your organization is not striving to be the best in the world at everything you do, then you are unlikely to be truly excellent as an organization. Let me take this down from the lofty to the concrete. In the organization that I left in December, it took us 2-1/2 days to close our financial books at more than 300 locations in 36 countries. It takes the Federal Government five months to close our books; and then the auditors give us a qualified opinion. This is not the stuff of excellence.

Let me hasten to add, this is not the fault of the workforce. They can deliver what the leadership asks for. I proved in my previous work life that it is possible to build an organization that is known for excellence, based on a foundation of dignity and respect for every individual. Caring about the health and safety of the 150,000 people in Treasury who depend on me for leadership is important, and it will continue to be important as I lead a Department with such a rich heritage

Conclusion.

In summary, Mr. Chairman, I believe that Treasury's $14.6 billion request for Fiscal 2002 will enable us to continue the important initiatives underway throughout the Department, as well as advance those key priorities set out by the President. I ask for your support of our FY 2002 budget request so that the Treasury Department can fulfill its wide range of responsibilities in serving the American people.

Thank you very much.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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April 26, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

TREASURY, IRS RELEASE 2001 PRIORITY GUIDANCE PLAN

The Treasury Department and the Internal Revenue Service today released the 2001 Priorities for Tax Regulations and Other Administrative Guidance. This is an ambitious plan that reflects not only the priorities of the Treasury Department, but also the combined input of taxpayers, practitioners and industry groups.

Highlights of the 2001 Priority Guidance Plan:

- Industry Issue Resolution—a new pilot program designed to resolve frequently disputed tax issues.
- The plan year has been changed from a calendar year to a year ending June 30. This change will end the annual flood of guidance at the end of the calendar year.
- The plan contains 299 guidance projects.

Attached is a joint statement from Mark Weinberger, Assistant Secretary (Tax Policy) at The Treasury Department, and Charles O. Rossotti Commissioner of the Internal Revenue Service, on the 2001 Priority Guidance Plan.

The 2001 Priority Guidance Plan will be available on the website at www.treas.gov.

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

2001 PRIORITIES FOR

TAX REGULATIONS AND OTHER ADMINISTRATIVE GUIDANCE

JOINT STATEMENT BY:

Mark A. Weinberger
Assistant Secretary (Tax Policy)
U.S. Department of the Treasury

Charles O. Rossotti
Commissioner
Internal Revenue Service

We are pleased to announce the release of the 2001 Priority Guidance Plan. This plan reflects our continuing commitment to serve the public through the published guidance process.

This year's plan reflects two important new developments. First, as part of our overall commitment to provide timely guidance that resolves issues and reduces taxpayer burden, this year's plan includes 7 items under a new pilot program, Industry Issue Resolution. These items are described in a separate IRS News Release (IR-2001-48). Industry Issue Resolution is another step in our continuing efforts to work with taxpayers on a cooperative basis to resolve frequently disputed tax issues.

Second, in response to requests that we alleviate the deluge of guidance that occurs at the end of the calendar year, and in order to coordinate better with the other priorities of the Internal Revenue Service and Treasury's Office of Tax Policy, the plan year has been changed from a calendar year to a year ending on June 30. Accordingly, this plan year will end on June 30, 2002.

The development of the 2001 Priority Guidance Plan was a cooperative effort. In Notice 2000-63, we solicited suggestions from all interested parties, including taxpayers, tax practitioners and industry groups. We believe that a cornerstone of the effort to provide appropriate and meaningful guidance is direct and continuous communication between the government and taxpayers. Proposals for guidance were reviewed by members of the Published Guidance Advisory Committee (PGAC), which includes senior officials from the Internal Revenue Service and Treasury's Office of Tax Policy. We believe this process results in a more comprehensive plan that is more responsive to taxpayer needs.

The 2001 Priority Guidance Plan is quite ambitious. It contains 299 guidance projects, 56 more projects than the 2000 Plan and 66 more projects than the 1999 Plan. This larger plan is consistent with our desire to issue more guidance more quickly.

The plan should not be viewed as an exclusive list of guidance that may be published in this plan year or of matters that may ultimately result in the publication of guidance. As in previous years, other areas currently under study ultimately may result in published guidance. Moreover, the Internal Revenue Service and Treasury's Office of Tax Policy will respond to developments that may arise throughout the plan year.

In addition to the items on this year's plan, Appendix A lists certain projects to which substantial resources will be committed in this plan year but which we generally expect to publish in the succeeding plan year. Appendix B lists the more routine guidance that is published each year. In addition, before publication of this plan, we have completed certain items, which we have noted.

The published guidance process can be fully successful only if we have the benefit of the insight and experience of the taxpayers and practitioners who must apply the rules. Consequently, we invite the public to provide us with their comments and suggestions as we write tax guidance.

Additional copies of the 2001 Priority Guidance Plan can be obtained from the IRS homepage on the Internet (www.irs.gov) under the Tax Professional's Corner, Administrative Information & Resources, 2001 Priority Guidance Plan, or by calling Treasury's Office of Public Affairs at (202) 622-2960.

April 26, 2001

OFFICE OF TAX POLICY
AND
INTERNAL REVENUE SERVICE

2001 PRIORITY GUIDANCE PLAN

Consolidated Returns

1. Conforming amendments to section 446 regulations to reflect changes in the consolidated return regulations.

2. Final regulations regarding authorization to act for the consolidated group.

3. Revenue Procedure regarding designation by common parent of a new agent for the consolidated group.

4. Final regulations on tentative carryback adjustments.

5. Guidance under section 1502 regarding transactions involving obligations of consolidated group members.

6. Guidance regarding stock basis adjustments.

7. Guidance regarding continuation of a consolidated group in certain transactions.

8. Amend section 1.1502-34 to reflect legislative change.

9. Clarification of section 1.1502-80.

10. Revise Rev. Proc. 91-71 regarding reconsolidation within five years.

Corporations and Their Shareholders

1. Final regulations under sections 301 and 357 regarding corporate distributions.

2. Guidance regarding redemptions of corporate stock.

3. Guidance regarding conversions of C corporations to RIC or REIT status.

4. Guidance regarding taxable asset acquisitions and dispositions of insurance companies.

5. Guidance regarding the active trade or business requirement of section 355(b).

6. Reconsideration of Rev. Rul. 73-236 (regarding application of section 355(b) to REITs).

7. Guidance under section 355(e).

8. Guidance regarding employee stock options and restricted stock in section 355 transactions.

9. Update Rev. Proc. 96-30 regarding requests for rulings under section 355.

10. Guidance under sections 357 and 358 regarding the assumption of liabilities in certain transfers of property.

11. Guidance under section 368 regarding mergers of a corporation with a disregarded entity.

12. Guidance under section 368 regarding mergers with or into a foreign corporation.

13. Guidance regarding forward subsidiary mergers under section 368.

14. Guidance regarding reverse subsidiary mergers under section 368.

15. Guidance regarding multi-step acquisitions under section 368.

16. Guidance regarding built-in items under section 382.

17. Guidance regarding treatment by a corporation of financial instruments based on the value of that corporation's stock.

18. Guidance under section 1374 regarding timber transactions.

Employee Benefits

A. Retirement Benefits

1. Final regulations relating to plan loans under section 72(p).

2. Final regulations relating to new comparability plan designs.

3. Guidance relating to the application of nondiscrimination and coverage rules to church retirement plans.

4. Final regulations under section 401(a)(9) on required minimum distributions.

5. Guidance on reporting of required minimum distributions.

6. Guidance on the application of section 401(a)(13) to certain plan loan transactions.

7. Guidance relating to section 401(a)(17).

8. Guidance relating to cash or deferred arrangements under section 401(k) and relating to section 401(m).

9. Guidance relating to sections 401(k) and 401(m) in mergers and acquisitions.

10. Guidance regarding the interaction between sections 404 and 461.

11. Guidance with respect to the calculation of net income attributable to returned or recharacterized IRA contributions.

12. Guidance relating to the application of section 411(a).

13. Guidance regarding issues under section 411(b).

14. Guidance relating to cash balance pension plans.

15. Final regulations under section 411(c).

16. Guidance relating to the application of section 411(d)(6).

17. Guidance on disclosure to participants regarding their distributions from pension plans.

18. Guidance relating to pension distributions and retirement age.

19. Guidance with respect to mortality tables for defined benefit pension plans.

20. Guidance relating to funding requirements under section 412.

21. Guidance on the use of aggregate entry age normal funding method under section 412.

22. Guidance for multiemployer plans relating to refund of mistaken contribution and withdrawal liability payments.

23. Guidance on exclusive benefit issues relating to qualified plans.

24. Regulations relating to the definition of employer under section 414.

25. Guidance relating to the definition of highly compensated employee.

26. Notice updating Rev. Proc. 2000-20 as it relates to plan provisions implementing sections 415 and 417.

27. Guidance updating the definition of compensation to reflect section 132(f) salary reduction.

28. Final regulations relating to the application of the retroactive annuity starting date provisions under section 417(a)(7).

29. Final regulations implementing section 420(c)(3)(E).

30. Proposed regulations relating to section 457(b) plans.

31. Guidance on determining excise taxes applicable to certain multi-year prohibited transactions.

32. Guidance relating to application of section 4980 to certain transactions involving payment for surplus pension assets.

33. Final regulations relating to use of new technologies in delivering notice to interested parties.

34. Guidance relating to coordination with the Department of Labor delinquent filer program for Form 5500 annual reports.

35. Notice on the determination letter process.

36. Revenue Procedure clarifying Rev. Proc. 2000-20 as it relates to the GUST amendment process.

37. Guidance on the GUST remedial amendment period for employers that use M&P or volume submitter plans. (Completed. See Announcement 2001-12.)

38. Guidance with respect to sections 401(a)(9) and 408, in connection with the determination letter program.

39. Guidance providing for updating of prototype SEP documents.

40. Revenue Procedure amending and restating employee plans compliance resolution system (EPCRS).

41. Guidance relating to oversight of qualified plan compliance.

42. Guidance on restorative payments to qualified plans.

B. Executive Compensation, Health Care and Other Benefits, and Employment Taxes

1. Proposed regulations under section 83 relating to transfers by non-employer parties.

2. Guidance on stock option issues under section 83.

3. Guidance on certain uses of stock interests for deferred compensation.

4. Guidance relating to certain arrangements under sections 106 and 125.

5. Guidance on the application of section 125 in mergers and acquisitions.

6. Guidance under section 125 relating to cafeteria plans and the Family and Medical Leave Act.

7. Guidance on automatic enrollment in cafeteria plans under section 125.

8. Guidance on demonstrator vehicles provided for use by employees.

9. Guidance relating to the golden parachute rules under section 280G.

10. Guidance on issues under section 419A.

11. Guidance on incentive stock options under section 422.

12. Guidance on income tax withholding with respect to incentive stock options under section 422 and employee stock purchase plans under section 423.

13. Proposed regulations on FICA and FUTA tax with respect to incentive stock options under section 422 and employee stock purchase plans under section 423.

14. Revision of the standards set forth in Rev. Proc. 71-19 regarding nonqualified deferred compensation.

15. Guidance relating to severance pay plans under section 457(e)(11).

16. Guidance relating to section 457(f).

17. Guidance with respect to the employment tax treatment of amounts received in employment-related litigation.

18. Guidance on issues relating to reporting and employment tax obligations with respect to chore workers.

19. Clarification of regulations under section 3401(d).

20. Final regulations under section 6205.

21. Guidance under section 6413 concerning adjustments of employment tax overpayments.

22. Guidance with respect to section 7436.

23. Final regulations under section 9801 relating to HIPAA.

24. Guidance on electronic filing of Form 8850.

Excise Taxes

1. Guidance under section 4051 regarding the definition of highway vehicles in regulation sections 145.4051 and 48.4061(a)-1.

2. Proposed regulations under section 4081 relating to the revision of definition of diesel fuel.

3. Regulations under section 4081 regarding the measurement of taxable fuels.

4. Guidance under section 4221 regarding fuel used in foreign trade.

5. Guidance under sections 4261 and 4271 regarding the transportation of persons and property by air.

6. Final regulations under section 6302 regarding deposits of excise taxes.

Exempt Organizations

1. Guidance on section 501(c)(4) organizations.

2. Guidance under section 501(c)(12).

3. Guidance under section 507 regarding termination of private foundation status.

4. Final regulations under section 513(i) regarding corporate sponsorship payments received by exempt organizations.

5. Guidance under section 514 regarding the investment of proceeds of qualified 501(c)(3) bonds.

6. Final regulations under section 529 regarding qualified state tuition programs.

7. Guidance on split-interest trusts.

8. Announcement requesting comments on updates to private foundation regulations.

9. Final regulations under section 4958 for certain excess benefit transactions.

Financial Institutions and Products

1. Guidance regarding securitization of the rights to recover stranded costs.

2. Guidance regarding accruals on sales of REMIC regular interests between payment dates.

3. Guidance regarding the conformity election for banks under section 1.166-2(d)(3).

4. Guidance under section 263(g) regarding certain interest and carrying costs in the case of straddles.

5. Guidance under section 446 regarding notional principal contracts.

6. Guidance under section 446 regarding prepaid forward contracts.

7. Guidance to provide an automatic method change for cash method banks. (Competed. See Rev. Proc. 2001-25.)

8. Guidance regarding investments by RICs in partnerships.

9. Guidance under section 856 regarding taxable REIT subsidiaries.

10. Final regulations regarding REMIC residual interests.

11. Final regulations under section 1092(c)(4) regarding certain equity options that do not have standard terms.

12. Guidance under section 1092 regarding straddles where one position is larger than the offsetting position.

13. Final regulations under section 1221(a)(7) regarding hedging transactions.

14. Guidance under section 1256(g) regarding securities futures contracts. (Request for comments published. See Notice 2001-27.)

15. Guidance under section 1259 regarding constructive sales treatment for appreciated financial positions.

16. Guidance under section 1272(a)(6) regarding pools of credit card receivables.

17. Guidance under section 7701 regarding certain obligation shifting transactions.

18. Guidance regarding certain equity derivative transactions.

General Tax Issues

1. Final regulations under section 25A regarding the Hope Scholarship and Lifetime Learning credits.

2. Guidance under section 29 regarding synthetic fuels from coal. (Completed. See Rev. Proc. 2001-30.)

3. Final regulations under section 32 regarding EIC eligibility requirements.

4. Reconsider final regulations under section 41 regarding the research credit.

5. Final regulations under section 41 regarding computation of the research tax credit in a controlled group.

6. Guidance under section 41 regarding the research credit attributable to a suspension period. (Completed. See Notice 2001-29.)

7. Guidance regarding treatment of investment earnings on tax-exempt bond proceeds under section 42(h)(4) and section 1.42-1T(f)(1).

8. Guidance under section 42 on eligible basis.

9. Guidance under section 45D regarding the new markets tax credit.

10. Guidance under sections 46 and 167 relating to normalization.

11. Guidance under section 61 regarding Indian Tribal trusts for minors.

12. Proposed regulations under section 104 regarding the exclusion of damages for personal physical injury or sickness.

13. Guidance under section 110 regarding the purpose requirement for qualified lessee construction allowances. (Completed. See Rev. Rul. 2001-20.)

14. Guidance concerning the treatment of interconnection payments received by public utilities.

15. Final regulations under section 121 regarding the exclusion of gain on the sale of a principal residence.

16. Guidance under section 167 relating to certain costs of golf course construction.

17. Proposed regulations under section 167 regarding the income forecast method.

18. Proposed regulations under section 168 relating to like-kind exchanges.

19. Guidance under section 168 regarding the treatment of truck tires.

20. Guidance on charitable contributions to disregarded entities.

21. Final regulations under section 221 regarding interest on education loans.

22. Proposed regulations under section 274 regarding expenses for goods, services, and facilities that are treated as compensation.

23. Proposed regulations under section 465 regarding interest other than as a creditor.

24. Final regulations under section 469 regarding self-charged interest.

25. Guidance regarding the determination of recoverable reserves of oil and gas for cost depletion purposes.

26. Final regulations under section 1031 regarding the definition of a disqualified person.

27. Guidance under section 1041 on the tax treatment of transfers of stock options and other deferred compensation rights between spouses.

28. Regulations under section 1041 regarding when transfers of property to third parties are made "on behalf of" the nontransferring spouse.

29. Guidance on corporations chartered under Indian tribal law.

Gifts, Estates and Trusts

1. Notice under sections 1361 and 641 regarding estimated tax election for owners of ESBTs. (Completed. See Notice 2001-25.)

2. Update Rev. Rul. 76-270 concerning charitable remainder trusts that make distributions to a trust for a beneficiary.

3. Final regulations under section 643 regarding the state law definition of income for trust purposes.

4. Final regulations under section 645 regarding an election by certain revocable trusts to be treated as part of the associated estate.

5. Notice under section 645 regarding the first (short) taxable year of the trust. (Completed. See Notice 2001-26.)

6. Update Revenue Procedures under section 664 containing sample charitable remainder trust provisions.

7. Guidance under section 671 regarding reporting requirements for widely held fixed investment trusts.

8. Final regulations under section 2001 relating to an automatic extension for Form 706.

9. Revise regulations under section 2055 and 2522 based on the Boeshore decision.

10. Guidance under section 2056 regarding a Qualified Terminal Interest Property election that has no effect.

11. Proposed regulations under section 2057 regarding the estate tax deduction for certain family owned business interests.

12. Guidance under section 2519 regarding net gifts.

13. Final regulations under section 7701 regarding the application of foreign trust rules to employee benefit trusts.

Insurance Companies and Products

1. Guidance regarding captive insurance companies.

2. Guidance under section 807.

3. Guidance under section 817A regarding modified guaranteed contracts.

4. Automatic change in accounting method for premium acquisition expenses.

5. Final regulations under section 1275(a)(1)(B)(ii) regarding definition of annuities.

6. Guidance on split dollar life insurance.

International Issues

A. Subpart F / Deferral

1. Proposed regulations regarding mark to market procedures for passive foreign investment companies.

B. Inbound Transactions

1. Proposed regulations on the disallowance of deductions under sections 882(c)(2) and 874(a).

2. Final regulations under sections 892 and 7701.

3. Guidance relating to the reporting obligations of nonqualified intermediaries.

4. Guidance concerning U.S. real property interests.

5. Other guidance regarding withholding on payments to foreign persons.

6. Guidance under section 1503(d) concerning triggering events.

C. Outbound Transactions

1. Guidance on international restructurings.

2. Final regulations under section 684.

3. Final regulations under section 679.

4. Final regulations relating to the grouping rules under section 925. (Completed. See T.D. 8944.)

5. Guidance relating to the Extraterritorial Income Exclusion Act.

6. Guidance under section 1504(d).

7. Guidance concerning certain extraordinary transactions involving disregarded entities.

D. Sourcing and Expense Allocation

1. Guidance relating to the treatment of fringe benefits.

2. Guidance concerning the allocation and apportionment of expenses.

3. Final regulations on the treatment of losses from dispositions of personal property under section 865.

4. Guidance under section 883.

5. Update Rev. Proc. 97-31 (listing section 883 countries and types of excluded income).

E. Application of U.S. Income Tax Treaties

1. Guidance concerning the relief from double taxation and adjustments to taxpayers' accounts arising from section 482 allocations (see Rev. Procs. 96-14 and 99-32).

2. Final regulations relating to the application of the income tax treaties to payments from reverse hybrid entities.

3. Guidance under the Canadian treaty relating to Canadian Registered Retirement Savings Plans.

4. Update Rev. Proc. 96-13 relating to the procedures for requesting competent authority assistance.

5. Guidance concerning the application of certain U.S. income tax treaties. (Completed. See Announcement 2001-34.)

6. Guidance relating to the reporting of bank deposit interest.

F. Other

1. Guidance relating to the conduct of cross-border, securities dealing operations ("global dealing").

2. Guidance on the treatment of cross border services under section 482 and related provisions.

3. Guidance under section 954(i) relating to the determination of appropriate foreign loss payment patterns and interest rates.

4. Guidance concerning the treatment of currency gain or loss.

5. Guidance under section 4374.

6. Guidance concerning the international activities of partnerships.

Partnerships

1. Guidance regarding aggregation for purposes of section 704(c) for certain master-feeder partnerships.

2. Final regulations under section 705 regarding special basis rules.

3. Final regulations under section 706 and foreign partners.

4. Guidance regarding partnership options and convertible instruments.

5. Proposed regulations under section 752 regarding the assumption of partnership liabilities.

6. Final regulations regarding the coordination of sections 755 and 1060.

7. Final regulations regarding TEFRA partnership proceedings.

8. Guidance on the receipt of a profits interest subject to a substantial risk of forfeiture.

9. Guidance under section 1031 regarding undivided fractional interests in real estate.

10. Guidance regarding entity classification and community property owners.

11. Final regulations amending the check the box regulations under section 7701.

Subchapter S

1. Final regulations under section 1361 regarding electing small business trusts.

2. Guidance under section 1361 regarding the time for beneficiary to make a QSST election.

3. Guidance under section 1367 regarding shareholder basis and S corp charitable contributions.

Tax Accounting

1. Guidance under sections 61 and 451 regarding the characterization of a lessee's capital cost reduction payments.

2. Guidance regarding the treatment of costs incurred for railroad track maintenance.

3. Guidance under sections 162 and 263 regarding deduction and capitalization of expenditures.

4. Guidance under sections 162 and 263 regarding the tax treatment of restaurant smallwares packages.

5. Final regulations under sections 263A and 612 regarding the treatment of delay rentals.

6. Proposed regulations under sections 441 and 442 regarding accounting periods.

7. Update Rev. Proc. 87-32 regarding automatic annual accounting period change procedures for certain passthrough entities.

8. Revenue Procedure under section 442 regarding prior approval of annual accounting period changes.

9. Update Rev. Proc. 99-49 regarding automatic method change procedures.

10. Guidance under section 446 regarding general procedures applicable to voluntary and involuntary changes in methods of accounting.

11. Guidance under sections 446 and 471 regarding the cash method of accounting.

12. Guidance under section 451 regarding the treatment of advance payments.

13. Guidance under section 453 regarding the installment method of accounting. (Completed. See Notice 2001-22)

14. Final regulations under section 460 regarding changes in parties to a contract.

15. Update Rev. Proc. 75-21.

16 Final regulations under section 468B regarding certain escrow funds.

17. Guidance under section 471 regarding the unit livestock price method of accounting.

18. Regulations under section 472 regarding the dollar value LIFO inventory method.

19. Guidance under section 472 regarding the LIFO inventory method.

20. Final regulations under section 1301 regarding income averaging by farmers.

21. Guidance under section 1341 regarding claim of right.

Tax Administration

1. Proposed regulations to implement the section 66(c) provisions for innocent spouse relief in community property jurisdictions.

2. Proposed regulations under section 3406 to clarify the counting of notices to payors when multiple notices are received.

3. Modification of Rev. Proc. 97-31 regarding the TIN matching program for federal agencies to expand the scope of reporting agents included.

4. Regulations under section 6011 regarding electronic payee statements.

5. Regulations regarding electronic filing of attachments to Form 1040.

6. Guidance under section 6011 to remove impediments to electronic filing of certain business returns.

7. Guidance under section 6011 regarding the disclosure of certain large transactions.

8. Annual Compilation of Tax Shelter Listed Transactions under section 6011.

9. Final regulations under section 6015 regarding election by a spouse to limit joint and several liability.

10. Final regulations under section 6041 regarding middleman reporting.

11. Proposed regulations regarding information reporting and backup withholding for purchasing card transactions.

12. Notice clarifying the effect of the section 1441 regulations on the section 6041A reporting exceptions.

13. Guidance under section 6045 regarding reporting of gross proceeds on the sale of stock acquired by exercising nonqualified employee stock options.

14. Regulations under section 6045(f) regarding information reporting on payments to attorneys.

15. Announcement revising Form W-9 to permit a taxpayer to authorize an agent to furnish Form W-9 to the payor.

16. Regulations under section 6050P regarding information reporting on cancellation of indebtedness.

17. Guidance regarding information reporting for tuition and student loan interest under section 6050S.

18. Revenue Ruling clarifying Rev. Rul. 80-218 regarding application of the timely mailing/ timely filing rules to foreign postmarks.

19. Proposed regulations regarding the disclosure of unrelated third party tax information in tax proceedings.

20. Final regulations allowing disclosures to the Department of Agriculture for statistical purposes.

21. Proposed regulations regarding the definition of agent in section 6103.

22. Regulations regarding triangular disclosure of tax return information.

23. Regulations under section 6110 to address changes enacted in RRA 98.

24. Guidance under section 6111 regarding corporate tax shelter registration.

25. Guidance under section 6112 regarding list of tax shelter investors.

26. Final regulations under section 6302 regarding the amount of tax considered de minimis and therefore not required to be deposited.

27. Final regulations removing the Federal Reserve as an option for depositing taxes.

28. Regulations authorizing payment of taxes by credit card.

29. Final regulations regarding collection due process with respect to liens.

30. Final regulations setting forth circumstances under which the IRS may withdraw a filed notice of federal tax lien.

31. Final regulations regarding collection due process with respect to levies.

32. Proposed regulations applying section 6331(k) to installment agreements.

33. Revenue Ruling modifying Rev. Rul. 78-127 to remove references to specific form numbers used to schedule overassessments.

34. Proposed regulations regarding the suspension of the statute of limitations for noncompliance with a designated summons.

35. Update Rev. Rul. 73-305 and Rev. Rul. 79-284 to provide for the application of undesignated payments to liabilities having the earliest collection statute expiration date.

36. Withdrawal of Treas. Reg. §§ 301.6656-1 and 301.6656-2 relating to repealed penalty for overstated deposit claims.

37. Revenue Procedure updating Rev. Proc. 90-58 to reflect LIFO method for payroll tax deposits as required by RRA 98 amendment to section 6656.

38. Proposed regulations under sections 6662 and 6664 regarding penalties relating to tax shelters.

39. Guidance, including updating Rev. Proc. 83-78 and Rev. Proc. 84-84, regarding procedures to investigate abusive tax shelters.

40. Final regulations regarding offers-in-compromise.

41. Announcement regarding modifications to Appeals Arbitration Pilot Program.

42. Guidance necessary to facilitate electronic tax administration.

43. Proposed regulations under section 7430 regarding miscellaneous changes made by TRA '97 and RRA '98.

44. Proposed regulations updating prerequisites for bringing damage actions under section 7433.

45. Revenue Procedure listing additional tax deadlines that may be postponed under disaster relief rules.

46. Final regulations under section 7602(c) regarding third party contacts.

47. Proposed regulations regarding third party and John Doe summonses.

48. Proposed regulations to provide exception to return preparer definition in section 7701(a)(36) for employees of low income tax clinics charging a nominal fee for return preparation.

49. Revenue Procedure updating Rev. Proc. 87-24 regarding the role of Appeals in docketed Tax Court cases.

50. Guidance regarding practice before the IRS under Circular 230.

51. Statement of Procedural Regulations regarding Freedom of Information Act.

Tax-Exempt Bonds

1. Regulations under section 141 regarding allocation and accounting provisions.

2. Regulations under section 141 regarding refundings.

3. Clarifying guidance on short-term arrangements under section 141.

4. Modification of Rev. Proc. 97-13 with respect to adjustment of fees.

5. Regulations under section 148 regarding investment-type property.

6. Regulations under section 148 regarding brokers' commissions and similar fees.

7. Guidance on procedures for requesting an extension of time to file information returns required by section 149(e).

APPENDIX A

1. Update proposed regulations under sections 1.125-1 and 1.125-2.
2. Guidance regarding multi-family housing bonds.
3. Study section 269.
4. Compendium of retirement plan revenue rulings (An update of Pub. 778).
5. Final regulations under section 475.
6. Guidance regarding group rulings under section 501(c)(3).
7. Guidance regarding simplifying the advance ruling process for public charities under section 509(a).
8. Guidance regarding allocating deductions in computing UBIT.
9. Guidance under section 707 regarding disguised sales of partnership interests.
10. Proposed regulations under section 736(b)(3)(B).
11. Guidance under sections 863(d),(e).
12. Study section 1001 regulations regarding modifications of debt instruments.
13. Guidance regarding reporting of payments to employees who own heavy equipment used by their employers.
14. Private foundations regulations update.
15. Guidance under section 6621 regarding interest netting computations.
16. Update of the section 6655 corporate estimated tax penalty regulations.
17. Reconsideration of Rev. Rul. 75-191 regarding the application of the section 6656 penalty where taxes should have been withheld but were not.
18. Application of section 7503 to various factual scenarios.
19. Final regulations under section 9802.
20. Revision of Statement of Procedural Regulations section 601.106 regarding Appeals.

APPENDIX B

Regularly Scheduled Publication Items

January

1. Revenue Procedure updating the procedures for issuing private letter rulings, determination letters, and information letters on specific issues under the jurisdiction of the Chief Counsel.

2. Revenue Procedure updating the procedures for furnishing technical advice to certain IRS offices, in the areas under the jurisdiction of the Chief Counsel.

3. Revenue Procedure updating the previously published list of "no-rule" issues under the jurisdiction of certain Associates Chief Counsel other than the Associate Chief Counsel (International) on which advance letter rulings or determination letters will not be issued.

4. Revenue Procedure updating the previously published list of "no-rule" issues under the jurisdiction of the Associate Chief Counsel (International) on which advance letter rulings or determination letters will not be issued.

5. Revenue Procedure updating procedures for furnishing letter rulings, general information letters, etc., in employee plans and exempt organization matters relating to sections of the Code under the jurisdiction of the Office of the Commissioner, Tax Exempt and Government Entities Division.

6. Revenue Procedure updating procedures for furnishing technical advice in employee plans and exempt organization matters under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.

7. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

8. Revenue Ruling setting forth the prevailing state assumed interest rates provided for the determination of reserves under section 807 for contracts issued in 2000 and 2001.

9. Revenue Ruling providing the dollar amounts, increased by the 2001 inflation adjustment for section 1274A.

10. Revenue Ruling setting forth the amount that section 7872 permits a taxpayer to lend to a qualified continuing care facility without incurring imputed interest, adjusted for inflation.

11. Revenue Procedure providing procedures for limitations on depreciation deductions for owners of passenger automobiles first placed in service during the calendar year; amounts to be included in income by lessees of passenger automobiles first leased during the calendar year; and the maximum allowable value of employer-provided automobiles first made available to employees for personal use in the calendar year.

12. Revenue Procedure providing the domestic asset/liability percentages and domestic investment yield percentages for taxable years beginning after December 31, 2000, for foreign companies conducting insurance business in the U.S.

13. Revenue Procedure updating procedures for issuing determination letters on the qualified status of employee plans under sections 401(a), 403(a), 409, and 4975 of the Code.

14. Revenue Procedure updating the user fee program as it pertains to requests for letter rulings, determination letters, etc. in employee plans and exempt organizations matters under the jurisdiction of the Office of the Commissioner, Tax Exempt and Government Entities Division.

15. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in January 2001.

16. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

February

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

3. Revenue Ruling under section 165 listing the Presidentially declared major disaster areas for the preceding calendar year.

4. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in February 2001.

March

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Notice providing resident population of the states for determining the calendar year state housing credit ceiling under section 42(h), and the private activity bond volume cap under section 146.

3. Revenue Ruling providing the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period January through March, 2001.

4. Revenue Ruling under section 6621 regarding the applicable interest rates for overpayments and underpayments of tax for the period April through June, 2001.

5. Notice providing a tentative determination under section 809 of the differential earnings rate for 2000 and the recomputed differential earnings rate for 1999 for use by mutual life insurance companies to compute their income tax liabilities for 2000.

6. Revenue Ruling setting forth the terminal charge and the standard industry fare level (SIFL) cents-per-mile rates for the first half of 2001 for use in valuing personal flights on employer-provided aircraft.

7. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in March 2001.

8. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

April

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Revenue Ruling providing the average annual effective interest rates charged by each Farm Credit Bank District.

3. Notice providing the inflation adjustment factor, nonconventional fuel source credit, and reference price for the calendar year that determines the

availability of the credit for producing fuel from a nonconventional source under section 29.

4. Revenue Procedure providing a current list of countries and the dates those countries are subject to the section 911(d)(4) waiver and guidance to individuals who fail to meet the eligibility requirements of section 911(d)(1) because of adverse conditions in a foreign country.

5. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in April 2001.

6. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

May

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in May 2001.

3. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

4. Revenue Procedure under section 6012 regarding the magnetic media filing of Forms 1040NR for 2000.

5. Revenue Procedure providing guidance for use of the national and area median gross income figures by issuers of qualified mortgage bonds and mortgage credit certificates in determining the housing cost/income ratio under section 145.

June

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Revenue Ruling providing the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period April through June, 2001.

3. Revenue Ruling under section 6621 regarding the applicable interest rates for overpayments and underpayments of tax for the period July through September, 2001.

4. Notice providing the calendar year inflation adjustment factor and reference prices for the renewable electricity production credit under section 45.

5. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in June 2001.

6. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

July

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in July 2001.

3. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

August

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Revenue Procedure providing the amounts of unused housing credit carryover allocated to qualified states under section 42(h)(3)(D) for the calendar year.

3. Notice providing the inflation adjustment factor to be used in determining the enhanced oil recovery credit under section 43 for tax years beginning in the calendar year.

4. Notice providing the applicable percentage to be used in determining percentage depletion for marginal properties under section 613A for the calendar year.

5. Revenue Procedure providing the loss payment patterns and discount factors for the 2001 accident year to be used for computing unpaid losses under section 846.

6. Revenue Procedure providing the salvage discount factors for the 2001 accident year to be used for computing discounted estimated salvage recoverable under section 832.

7. Revenue Ruling setting forth the terminal charge and the standard industry fare level (SIFL) cents-per-mile rates for the second half of 2001 for use in valuing personal flights on employer-provided aircraft.

8. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in August 2001.

9. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

10. Update Notice 99-41 to add approved applicants for designated private delivery service status under section 7502(f). Will be published only if any new applicants are approved.

September

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Revenue Ruling providing the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period July through September, 2001.

3. Revenue Ruling under section 6621 regarding the applicable interest rates for overpayments and underpayments of tax for the period October through December, 2001.

4. Revenue Ruling providing the determination under section 809 of the differential earnings rate for 2000 and the recomputed differential earnings rate for 1999 for use by mutual life insurance companies to compute their income tax liabilities for 2000.

5. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in September 2001.

6. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

7. Revenue Procedure under section 62 regarding the deduction and deemed substantiation of federal standard mileage amounts.

8. Announcement on whether the number of Archer MSAs has exceeded the applicable statutory limits.

October

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. News release setting forth cost-of-living adjustments effective January 1, 2002, applicable to the dollar limits on benefits under qualified defined benefit pension plans and other provisions affecting certain plans of deferred compensation.

3. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in October 2001.

4. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

5. Revenue Procedure under section 1 and other sections of the Code regarding the inflation adjusted items for 2002.

November

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Revenue Ruling providing the "base period T-Bill rate" as required by section 995(f)(4).

3. Revenue Ruling setting forth covered compensation tables for the 2002 calendar year for determining contributions to defined benefit plans and permitted disparity.

4. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the

purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in November 2001.

5. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

6. Update Rev. Proc. 2001-11 regarding adequate disclosure for purposes of the section 6662 substantial understatement penalty and the section 6694 preparer penalty.

December

1. Revenue Ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 1274, 1288, 382, 42, and 7520.

2. Revenue Ruling providing the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period October through December, 2001.

3. Revenue Ruling under section 6621 regarding the applicable interest rates for overpayments and underpayments of tax for the period January through March, 2002.

4. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability for the purpose of the full funding limitation of section 412(c)(7) of the Code for plan years beginning in December 2001.

5. Revenue Ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

6. Revenue Procedure under section 62 regarding the deduction and deemed substantiation of federal travel per diem amounts.

7. Revenue Procedure setting forth, pursuant to section 1397E of the Code, the maximum face amount of Qualified Zone Academy Bonds that may be issued for each state during 2002.

8. Update list of recognized tribes.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
April 26, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $17,000 million to refund $22,644 million of publicly held securities maturing May 3, 2001, and to pay down about $5,644 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $12,183 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,083 million into the 13-week bill and $837 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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Attachment

PO-228

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MAY 3, 2001

April 26, 2001

Offering Amount	$9,000 million	$8,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 HE 4	912795 HU 8
Auction date	April 30, 2001	April 30, 2001
Issue date	May 3, 2001	May 3, 2001
Maturity date	August 2, 2001	November 1, 2001
Original issue date	February 1, 2001	May 3, 2001
Currently outstanding	$16,934 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award............................... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

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OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
April 27, 2001

Contact: Public Affairs
(202) 622-2960

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL AT THE PRE-G-7 PRESS CONFERENCE

Good morning. Tomorrow I will host a G-7 meeting in advance of the spring meetings of the IMF and World Bank. These meetings provide an excellent opportunity to advance the Administration's priorities on key international economic and financial policy issues. In the course of these discussions, I will make three fundamental points.

First, I have confidence in the resiliency of the U.S. economy. Although the U.S. economy has slowed, its fundamentals – productivity growth, the flexibility of our labor and capital markets, and low inflation – remain strong. The slowing economy reinforces the need for immediate and permanent tax relief to undergird more vigorous economic growth. At the same time, I attach tremendous importance to strong and balanced global growth in the context of interdependent U.S., European, and Japanese economies. A healthy global economy requires all of us to perform to our full potential. I look forward to meeting my new Japanese counterpart, Masajuro Shiokawa, and learning of his policy plans.

Second, the World Bank and other multilateral development banks (MDBs) remain central to promoting economic development. These institutions need to be even more sharply focused on the essential goal of increasing productivity in developing economies. Productivity – the amount of goods and services that each worker produces – is the ultimate driver of higher income per capita and reduced poverty. In specific terms, I look forward to discussing the outlook for loan pricing reforms and increased coordination among MDBs so that each institution focuses on its comparative advantage.

Third, I believe that the international financial institutions (IFIs) are necessary and important, and we who are the shareholders of these institutions must lead them to success. Too often they have been associated with failure. These institutions, with our leadership, can do a better job of crisis prevention. This means making clear diagnoses of problems that are still at an early stage and taking the proper policy response before a problem turns into a crisis.

This is the right thing to do for people all over the world, in the developed and developing nations. It is proper stewardship of the taxpayers' money that we in Washington provide to these institutions. Plumbers and carpenters around the nation who earn $50,000 a year and send 25% of it to Washington expect us to use their money wisely.

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Tackling tough decisions is a responsibility we bear as leaders of the free world. We cannot simply follow in the wake of a crisis, when leadership could have prevented a financial meltdown from creating economic strife and destroying people's lives.

Ultimately, the less the IFIs are associated with fire-fighting and crisis, the more support they will have both internationally and here in the United States. I expect to have a meaningful discussion with the institutions' management and major shareholders on how we can make further progress on these important issues.

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TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

'R IMMEDIATE RELEASE
:ril 26, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $2,000 million r of its outstanding issues. A total of 12 issues maturing between February 2019 and bruary 2023 were eligible for this operation. The settlement date for this operation will April 30, 2001. Summary results of this operation are presented below.

(amounts in millions)

fers Received (Par Amount):	$7,138
fers Accepted (Par Amount):	2,000
:al Price Paid for Issues (Less Accrued Interest):	2,590
nber of Issues Eligible:	
For Operation:	12
For Which Offers were Accepted:	11
.ghted Average Yield of all Accepted Offers (%):	5.816
ghted Average Maturity for all Accepted Securities (in years):	19.6

ails for each issue accompany this release.

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April 26, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
8.875	02/15/2019	845	439	134.171	134.145
8.125	08/15/2019	506	25	126.000	126.000
8.500	02/15/2020	413	0	N/A	N/A
8.750	05/15/2020	485	57	133.656	133.656
8.750	08/15/2020	1,293	472	133.812	133.795
7.875	02/15/2021	197	7	123.812	123.812
8.125	05/15/2021	694	200	126.906	126.867
8.125	08/15/2021	476	330	127.093	127.039
8.000	11/15/2021	886	255	125.718	125.709
7.250	08/15/2022	187	5	116.859	116.859
7.625	11/15/2022	431	186	121.687	121.651
7.125	02/15/2023	725	25	115.609	115.609

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield	Weighted Average Accepted Yield	Par Amount Privately Held*
8.875	02/15/2019	912810EC8	5.775	5.777	12,934
8.125	08/15/2019	912810ED6	5.799	5.799	17,077
8.500	02/15/2020	912810EE4	N/A	N/A	8,402
8.750	05/15/2020	912810EF1	5.806	5.806	6,695
8.750	08/15/2020	912810EG9	5.811	5.812	15,984
7.875	02/15/2021	912810EH7	5.830	5.830	9,161
8.125	05/15/2021	912810EJ3	5.831	5.834	8,856
8.125	08/15/2021	912810EK0	5.830	5.834	8,515
8.000	11/15/2021	912810EL8	5.835	5.836	28,084
7.250	08/15/2022	912810EM6	5.854	5.854	9,354
7.625	11/15/2022	912810EN4	5.842	5.844	6,713
7.125	02/15/2023	912810EP9	5.848	5.848	14,344

Total Par Amount Offered: 7,138

Total Par Amount Accepted: 2,000

Note: Due to rounding, details may not add to totals

*Amount outstanding after operation. Calculated using amounts reported on announcement.

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FOR PLANNING PURPOSES ONLY

Contact Sean Miles
at 202-622-2960.

* * * CORRECTION * * *

* * * TIME CHANGE * * *

G-7 GROUP PHOTO OPPORTUNITY AT BLAIR HOUSE

MOVED TO 1:45 PM.

THE GROUP PHOTOS WITH G-7 FINANCE MINISTERS AND CENTRAL BANK REPRESENTATIVES WILL TAKE PLACE AT 1:45 PM AT BLAIR HOUSE.

POOL PHOTO SPRAY OF G-7 MEETING AT BLAIR HOUSE REMAINS AT 2:30PM.

G-7 PRESS CONFERENCE WITH SECRETARY O'NEILL REMAINS AT OFFICE OF THRIFT SUPERVISION, 1700 G STREET, NW APPROXIMATELY 30 MINUTES FOLLOWING CONCLUSION OF G-7 SESSION. G-7 COMMUNIQUE WILL BE DISTRIBUTED AT THE POST G-7 PRESS CONFERENCE.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

Statement of G-7 Finance Ministers and Central Bank Governors

April 28, 2001
Washington

1. We met today to discuss recent developments in the world economy, strengthening the international financial system, the reform of the multilateral development banks and measures to meet the challenges of international development.* We also met with the Finance Minister and the Deputy Central Bank Governor of Russia and with representatives of the European Commission to discuss recent developments in the Russian economy.

Developments in the G-7 Economies

2. Although global growth has slowed over the past year, the foundations for economic expansion are sound. In fact, the prospects for improving the world standard of living are compelling. We are all dedicated to the proposition that it is in the interest of the world economy for each of our economies to grow closer to their potential. We agreed that we should be vigilant and forward-looking in maintaining and implementing polices that promote strong productivity growth, including sound macroeconomic policy, structural reform and international economic cooperation. We will work together to achieve the goal of free trade. We recognize that lower energy prices and stable oil markets are important.

   - In the United States, growth has slowed sharply. However, long-term economic fundamentals – productivity gains and factor market flexibility – remain strong. Monetary policy should continue to be aimed at contributing to sustained growth and maintaining price stability. Fiscal policy should also be targeted at bolstering long-term fundamentals.

   - Growth in Canada has also slowed; in the United Kingdom the slowdown appears to be only moderate. In both countries, unemployment and inflation remain low. Policies should continue to support the foundations for sustained growth and employment over the medium term, while meeting inflation targets.

   - In the euro area, growth prospects have moderated, though remaining favorable. Policies should continue to emphasize strengthening potential growth and lowering

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* The President of the Euro Group, the President of the European Central Bank, and the Managing Director of the International Monetary Fund joined us in reviewing recent events in the world economy. The President of the World Bank joined us for the discussion of MDB reform.

unemployment through further structural reforms that increase the efficient operation of labor and product markets. Fiscal policy should aim to improve economic efficiency, notably through tax reform, while preserving the pace of the consolidation of public finances.

- In Japan, economic activity has weakened, and prices continue to decline. Against this background, monetary policy should continue to provide ample liquidity until consumer price inflation stays at or above zero. Vigorous implementation of financial and corporate sector reforms is needed in order to support medium-term recovery.

Exchange Rates

3. We discussed developments in our exchange and financial markets. We reiterated our view that exchange rates among major currencies should reflect economic fundamentals. We will continue to monitor developments closely and to cooperate in exchange markets as appropriate.

Broader Global Economic Developments

4. The slowing in the pace of global economic activity has also affected the prospects for growth in the emerging market and developing economies. In Asia, on the whole, after two years of strong growth, there are clear signs of a slowdown. Throughout the region, the implementation of structural reforms will be crucial to fostering strong, sustained growth. In Latin America, where growth also has slowed, structural measures are needed to raise productivity growth, and further fiscal consolidation is required to reduce financing requirements. In central and eastern Europe, reforms undertaken during the past few years have contributed to recent strong growth; fiscal consolidation and further structural reforms are needed to maintain performance. In Africa, although growth continues to rise, per capita incomes remain very low. Implementation of credible macroeconomic and structural adjustment remains a prerequisite for strong growth and broad-based poverty reduction.

5. We agree that free trade is an important driver of economic growth. Open markets can increase efficiency and productivity, thereby promoting development and poverty reduction in all countries. We strongly support efforts to launch a new WTO round this year, to reduce trade barriers in both industrialized and developing countries. We also welcome industrialized country initiatives which, by providing improved market access for exports from the poorest countries, will facilitate their integration into the world economy. It would be appropriate for the IMF and World Bank to reflect on ways and means to facilitate trade liberalization.

Turkey

6. We welcome Turkey's strong economic reform program as a basis for Turkey to reach agreement with the IMF on a package that merits the continued support of the international community's public and private sectors. We look forward to Turkey's rigorous

implementation of all these necessary measures. In this context, we welcome the decision of the IMF and the World Bank to provide additional assistance for the program.

Russia

7. We welcome the continued growth of the Russian economy and encourage the Russian authorities to step up the pace of economic reforms that are necessary for sound and sustainable economic development. Russia needs to take steps to create an economic environment conducive to investment, both foreign and domestic, such as enforcing the rule of law, promoting the free flow of information, attacking nonpayments and barter, strengthening the banking system, and improving corporate governance. We urge the Russian authorities to draw on the expertise of the IMF and World Bank in addressing these issues. We welcome the ratification by the Duma of the Strasbourg anti-money laundering convention and urge the Russian authorities to move quickly to remedy the deficiencies identified by the Financial Action Task Force (FATF) in June 2000, in particular by passing a comprehensive anti-money laundering law. These steps would help facilitate Russia's integration with the global economic system.

Crisis Prevention, Crisis Resolution, and the IMF

8. We stress that strong and effective crisis prevention is a top priority. Both the IMF and individual countries should play key roles in this effort. Learning from previous experience, and with a view to forestalling crises, we resolve to monitor economic and financial developments more closely and to encourage early action to correct policies. In this context, we underscore the following:

   - Enhanced IMF surveillance is at the heart of crisis prevention. As part of this effort, the Fund should accelerate its work in developing and publishing indicators of national balance sheet and liquidity risk. The Fund should also further its work in building up and publishing macro-prudential indictors for the financial sector.

   - We believe that implementation of internationally agreed standards and codes offers countries the opportunity to strengthen their basic infrastructure for growth and stability and to provide information to markets in a way that reinforces these goals. In this context, we encourage all countries to intensify their efforts, recognizing their different stages of development and institutional capacities, to meet international codes and standards and to publish their Reports on the Observance of Standards and Codes (ROSCs).

   - We stress the importance of the joint IMF and World Bank effort to assess the strength of financial sectors through the Financial Sector Assessment Program (FSAP). We welcome the increased use of FSAPs and ROSCs as essential instruments to detect countries' vulnerabilities and the future, mutually agreed integration of such assessments in the IMF's surveillance. We welcome the agreement that countries should have the option of releasing a summary of Fund/Bank assessments. We call on the IFIs to support countries in their efforts to strengthen their domestic financial sectors and to pursue capital account liberalization, in order to mobilize capital both from domestic and international markets.

- The IMF needs to sharpen its focus on financial markets and their implications for the sustainability of capital flows. In this context, we welcome the creation of the IMF's International Capital Markets Department and the Capital Markets Consultative Group.

9. More broadly, we urge the IMF itself, as well as member countries, to continue in the drive toward greater transparency and accountability.

10. We also welcome the ongoing work to review conditions attached to IMF lending. This review should be aimed at: reinforcing the public integrity of the IMF; ensuring that all IMF programs meet high-quality standards; helping countries take ownership of programs that achieve meaningful results; and addressing the macroeconomically relevant structural challenges confronting economies. As part of this review, it is also critical that progress be made in strengthening Fund-Bank collaboration so that countries' needs are effectively addressed.

11. Work is underway in several other areas in the IMF. We note the progress made to establish an operational framework for private sector involvement in crisis resolution. We call on the IMF to expedite its program of work on private sector involvement and agree on the importance of taking future decisions in a way that is consistent with such a framework. We note the need for further discussion on quotas at the IMF Executive Board.

Reform of the Multilateral Development Banks

12. Since we met in Palermo, we have intensified our dialogue with the MDBs and held informal consultations with other shareholders. A report on MDB reform will be released at the G-7 Finance Ministers' meeting in Rome on July 7, for submission to the Genoa Summit.

13. We reaffirm our strong commitment to strengthen the MDB system. MDBs must continue to play a crucial role in supporting economic development and should ensure that their operations to reduce poverty in developing countries concentrate on enhancing productivity growth and raising income per capita. Towards these ends, they should adopt a more selective approach that sharpens the focus and improves the effectiveness of their operations. We agree that the MDBs' attention should focus on the following areas for immediate action:

- Strengthening consistency and coordination among MDBs, in particular with respect to the substance and timing of MDB Country Strategies and their linkage to country-owned development strategies such as Poverty Reduction Strategy Papers. It is critical that MDBs harmonize at the highest appropriate standard operational procedures, policies and safeguards.

- Improving internal governance, in particular by ensuring wide public consultation and debate through the publication of draft and final key institutional policy and strategy documents, including Country Strategies, and strengthening accountability and transparency in the budgetary process.

- Promoting effective public sector management in borrowing countries, in particular by strengthening analytical and diagnostic work and improving country capacity on fiduciary and safeguard policies.

14. We agree that the MDBs have an important role to play in combating poverty in Middle Income Countries (MICs), and welcome the ongoing debate in the World Bank to further refine this role. In this context, we also agree that the MDBs should expeditiously conduct a review of their lending instruments and pricing policies with a view to enhancing the development impact of scarce MDB resources. We commend the Bank for its efforts to redesign its role in its ordinary lending programs but note that the proposed approach needs further study, particularly with regard to the policy environment, institutional capacity, and accountability of both borrowers and the Bank. We agree that the Bank and its shareholders should consider in the period ahead the scope and modalities of the Bank's proposed shift to programmatic lending. We urge the World Bank and, where appropriate, the other MDBs to continue their work to refine this approach in the next few months.

15. We note the ongoing discussions on the increased use of grants within IDA-13 and encourage the World Bank to carefully explore the related financial implications and practical implementation issues. We welcome consideration of measures to improve IDA's effectiveness, including strengthening the PRSP-led approach.

HIPC and Development Beyond Debt Relief

16. We reviewed the implementation of the Enhanced HIPC Initiative. Twenty-two countries are already receiving interim debt relief under the initiative, which is designed to provide long-term debt sustainability. We urge the other eligible countries, including those in, or emerging from, conflict, to take the necessary steps to focus on poverty reduction and growth and benefit from this important international program. We again urge other bilateral creditors to join with the G-7 and other governments in providing 100% cancellation of all eligible debt.

17. We underscore that debt reduction is only one aspect of development and must be complemented by strong reform programs in order to secure its true benefits. In this context, we urge countries receiving HIPC debt relief, working in cooperation with the IFIs, to strengthen the quality of poverty reduction strategies, to enhance their ability to track and monitor the savings from debt relief and to focus these savings on priority investments, such as education and health, and to adopt and implement high quality reforms.

18. We look forward to further discussions on moving beyond debt relief in preparation for the Genoa Summit. In this context, we underscore the importance of focusing on steps to increase opportunities for trade, foster more favorable environments for attracting private investment and promote efficient and coordinated investment in the social sector, as we work toward the International Development Goals. In particular, we will work constructively with others on a health initiative to tackle the infectious diseases of tuberculosis, malaria and

HIV/AIDS.

Action Against the Abuses of the Global Financial System

19. We reaffirm our support for all the objectives of the multilateral effort to fight against abuse of the global financial system. We express our support for the ongoing work of FATF, and we welcome the significant progress made by most of the 15 jurisdictions listed by FATF as non-cooperative countries and territories (NCCTs) in June 2000 towards addressing the deficiencies in their anti-money laundering systems. We encourage those jurisdictions to implement needed reforms. We note our continued commitment to maintain a dialogue with these countries, to provide training and technical assistance, to delist those making adequate progress, and to implement coordinated measures as may be recommended by FATF against those NCCTs where dialogue has failed to generate sufficient progress. In addition, we welcome the FATF decision to undertake a review of its 40 recommendations to strengthen the international money laundering standard. We also welcome the IMF and World Bank Boards' recent decisions to recognize the FATF 40 Recommendations as the appropriate international standard for combating money laundering and encourage the Fund and the Bank, working in collaboration with FATF, to incorporate the relevant FATF 40 Recommendations into a ROSC module as soon as possible.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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For immediate release --
April 28, 2001

Contact: Public Affairs
(202) 622-2960

Statement by Treasury Secretary Paul O'Neill following the G-7 Meeting

It was a pleasure to host my G-7 colleagues here in Washington. I enjoyed our candid and productive discussions.

We all agreed that growth in all our economies is crucial to global prosperity. I emphasized to my colleagues my belief that in the US, the foundations for economic expansion are sound. In fact, the prospects for improving the world standard of living are better now than at any time in our history.

We had a good discussion of the IMF's work on crisis prevention and crisis resolution. I stressed that strong and effective crisis prevention is a top priority. Both the IMF and individual countries should play key roles in this effort. Learning from previous experience, and with a view to forestalling crises, we resolved to monitor economic and financial developments more closely and to encourage early action to correct policies. The IMF needs to sharpen its focus on financial markets and their implications for the sustainability of capital flows.

We invited President Wolfensohn of the World Bank to join us in a candid discussion of reform of the multilateral development banks (MDBs). MDBs must continue to play a crucial role in supporting economic development and should ensure that their operations to reduce poverty in developing countries concentrate on enhancing productivity growth and raising income per capita. Towards these ends, they should adopt a more selective approach that sharpens the focus and improves the effectiveness of their operations.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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Office of Public Affairs

Statement by U.S. Treasury Secretary Paul O'Neill to the International Monetary and Financial Committee Washington, D.C. April 29, 2001

It is a pleasure to join colleagues for my first IMF and World Bank Spring Meetings

Although global growth has slowed since last fall, it is important to focus on the sound foundation for recovery that is already in place and take further steps to strengthen prospects. While the U.S. economy has slowed, I have confidence in its resilience. Economic fundamentals – productivity growth, the flexibility of our labor and capital markets, and low inflation – remain strong. The slowing economy reinforces the need for immediate and permanent tax relief to undergird more vigorous economic growth. Others, too, need to contribute to strong global growth. Japan and Europe have work to do as well. And developing countries also need to do more to lay the foundation for a bright future. A healthy global economy requires all of us to perform to our full potential.

We must all focus on the challenge of working together to forge the most effective IMF possible. I also believe that we need to create an institution that is ever more focused, effective and accountable. I envision an IMF that, while sharpening its ability to respond to financial disruptions swiftly and appropriately, does so less frequently because it has succeeded in preventing crises from developing in the first place. This means making clear diagnoses of problems that are still at an early stage and taking the proper policy steps before a problem turns into a crisis.

The ongoing review of conditionality offers further opportunities to set priorities for the Fund's endeavors. I look forward to further discussion to ensure that key issues receive full consideration. It will be particularly important to consider a number of questions, such as, how to achieve country ownership of high quality programs, how to promote selectivity in lending, how to ensure that programs address macroeconomically relevant challenges facing countries, and how to maintain the integrity and accountability of the Fund.

I also want to highlight recent progress at the Fund in the ongoing fight against financial abuse. Anti-money laundering efforts are critical to the integrity of the international monetary system, which is central to the IMF's role. I welcome the recent decision in the Fund to recognize the Financial Action Task Force standard for combating money laundering that has been endorsed by countless international groups representing a significant majority of countries.

In closing, I want to stress one current that should run through all of our efforts to strengthen the effectiveness of the IMF – enhancing transparency and accountability. The days are long past when the work of public institutions could be largely shielded from public view. I look forward to meaningful discussions on how we can make further progress on these important issues.

-END-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

April 29 and April 30, 2001

Contact: Public Affairs
(202) 622-2960

STATEMENT OF TREASURY SECRETARY PAUL H. O'NEILL TO FRAME DISCUSSIONS AT THE JOINT IMFC/DEVELOPMENT COMMITTEE MEETING AND THE DEVELOPMENT COMMITTEE MEETING WASHINGTON, D.C.

Effective, accountable and strong international financial institutions remain a very important part of the international financial architecture and a strong national interest. That said, I feel a tremendous sense of responsibility as a shareholder in the institutions and as a custodian of national tax dollars to make the IFIs more effective and more accountable.

When countries have a good policy environment, the IFIs can have an important development impact if assistance is focused on increasing productivity. Raising productivity increasing the amount of goods and services that each worker can produce in a day -- is the ultimate driver of higher incomes per capita and reduced poverty. Prioritizing productivity growth in the work of the Bank and the Fund by spurring more and better capital, more and better technology, and more and better social investments to its borrowers -- particularly the poorest -- will be one of this Administration's goals.

Expansion of world trade is also a leading priority. For the poorest countries, the potential benefits from trade far outweigh any other form of resource transfer. The World Bank and regional development banks have an important role to play in helping developing countries to take advantage of trade opportunities by strengthening their capacity to produce and export goods.

We will also be fighting hard to shift the resources IFIs spend fire-fighting crises to crisis prevention. Preventing financial crises through early and clear diagnoses of problems, and taking the proper, often tough, policy response is critical. In this respect, assessments of country fiduciary and social safeguard policies should be routinely done, particularly prior to IFI lending, with remedial actions incorporated into loans.

We will continue to pursue MDB reform, including better coordination among the MDBs; strengthened efforts to promote good governance and public sector management in borrowers; and improved internal MDB governance to ensure compliance with approved policies and maximize transparency.

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In our quest for higher accountability in the use of IFI resources, we will remain vigilant of attempts to shift a higher level of Bank lending to budget support without evidence that it yields higher development effectiveness and without a clear assessment of its operational and fiduciary risks. We will continue to look for concrete, measurable results of IFI engagement.

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EMBARGOED UNTIL 3:00 P.M.
April 30, 2001

CONTACT: Tony Fratto
(202) 622-2960

TREASURY ANNOUNCES MARKET FINANCING ESTIMATES

The Treasury Department announced today that it expects to pay down $187 billion in marketable debt during the April – June 2001 quarter and to target a cash balance of $60 billion on June 30. This includes the paydown of $178 billion in marketable Treasury securities and the buyback of an estimated $9 billion in outstanding marketable Treasury securities. In the quarterly announcement on January 29, 2001, the Treasury announced that it expected to pay down a total of $197 billion in marketable debt and to target an end-of-quarter cash balance of $60 billion. The decrease in the paydown is the result of a lower cash balance at the beginning of the quarter partially offset by higher net issuances of State and Local Government Series securities.

The Treasury also announced that it expects to pay down $57 billion in marketable debt during the July – September 2001 quarter and to target a cash balance of $60 billion on September 30.

During the January – March 2001 quarter, the Treasury raised $18 billion in marketable debt and ended with a cash balance of $28 billion on March 31. On January 29, the Treasury announced that it expected to raise $46 billion in marketable debt and to target an end-of-quarter cash balance of $45 billion. The decrease in the issuance of marketable debt reflected increased issuances of State and Local Government Series securities and a lower end-of-March cash balance.

The Quarterly Refunding Press Conference will be held at 9:00 A.M. on Wednesday, May 2, 2001.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

OR IMMEDIATE RELEASE
pril 30, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	May 03, 2001
Maturity Date:	August 02, 2001
CUSIP Number:	912795HE4

High Rate: 3.885% Investment Rate 1/: 3.978% Price: 99.018

All noncompetitive and successful competitive bidders were awarded ecurities at the high rate. Tenders at the high discount rate were llotted 28.35%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 16,903,984	$ 7,175,247
Noncompetitive	1,399,756	1,399,756
FIMA (noncompetitive)	425,000	425,000
SUBTOTAL	18,728,740	9,000,003 2/
Federal Reserve	4,852,035	4,852,035
TOTAL	$ 23,580,775	$ 13,852,038

Median rate 3.850%: 50% of the amount of accepted competitive tenders as tendered at or below that rate. Low rate 3.810%: 5% of the amount f accepted competitive tenders was tendered at or below that rate.

id-to-Cover Ratio = 18,728,740 / 9,000,003 = 2.08

' Equivalent coupon-issue yield.
' Awards to TREASURY DIRECT = $1,154,422,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

'OR IMMEDIATE RELEASE
ıpril 30, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	May 03, 2001
Maturity Date:	November 01, 2001
CUSIP Number:	912795HU8

High Rate: 3.860% Investment Rate 1/: 3.991% Price: 98.049

All noncompetitive and successful competitive bidders were awarded ;ecurities at the high rate. Tenders at the high discount rate were ıllotted 51.60%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,177,112	$ 6,775,812
Noncompetitive	1,124,205	1,124,205
FIMA (noncompetitive)	100,000	100,000
SUBTOTAL	23,401,317	8,000,017 2/
Federal Reserve	4,307,692	4,307,692
TOTAL	$ 27,709,009	$ 12,307,709

Median rate 3.825%: 50% of the amount of accepted competitive tenders 'as tendered at or below that rate. Low rate 3.800%: 5% of the amount ·f accepted competitive tenders was tendered at or below that rate.

·id-to-Cover Ratio = 23,401,317 / 8,000,017 = 2.93

/ Equivalent coupon-issue yield.
/ Awards to TREASURY DIRECT = $896,853,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

April 30, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

ANDREW B. LYON JOINS AS DEPUTY ASSISTANT SECRETARY FOR TAX ANALYSIS

Today, Andrew B. Lyon joined as the Deputy Assistant Secretary (Tax Analysis) for the U.S. Department of the Treasury. He will provide economic advice and analysis for the Office of Tax Policy with regard to all aspects of the economics of Federal taxation. The Deputy Assistant Secretary (Tax Analysis) is the reporting authority for the Office of Tax Analysis, which advises and assists Mark Weinberger, Assistant Secretary (Tax Policy), and his deputies in the development, analysis, and implementation of tax policies and programs.

"We are thrilled to have Drew leading our Tax Economic Analysis team," said Mark Weinberger, Assistant Secretary (Tax Policy). "His expertise in economics and his broad knowledge of taxation make him a perfect fit."

Prior to his appointment as Deputy Assistant Secretary, Drew was an Associate Professor of Economics at the University of Maryland. He also was a senior economist with PricewaterhouseCoopers LLP in the firm's Washington National Tax Services office. He has published numerous articles covering a wide range of tax issues, including the alternative minimum tax, consumption taxation, distributional analysis of tax reform, and social security financing. He previously held positions with the President's Council of Economic Advisers and the Congressional Joint Committee on Taxation.

Drew received an A.B., with distinction and Phi Beta Kappa, from Stanford University and received his Ph.D. in economics from Princeton University. He has been a faculty research fellow at the National Bureau of Economic Research and was a visiting fellow at the Brookings Institution. He is a member of the American Economic Association and the National Tax Association. Drew lives in Maryland with his wife and two children.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
May 1, 2001

Contact: Public Affairs
(202) 622-2960

DIRECTOR OF THE OFFICE OF MACROECONOMIC ANALYSIS JOHN H. AUTEN REMARKS TO THE TREASURY BORROWING ADVISORY COMMITTEE OF THE BOND MARKET ASSOCIATION

When we met three months ago, the economy was in the early stages of a slowdown whose eventual resolution was difficult to judge. It was obvious that there was increased downside risk for the economy, but equally obvious that there were important elements of continuing strength. Now, three months later, that somewhat uneasy balance between strength and weakness still persists.

Strength can be said to have predominated in the first quarter Gross Domestic Product results reported at the end of last week -- certainly in the headline number -- with real growth rising to 2 percent annual rate from 1 percent in the final quarter of last year. It is even more impressive that auto sales which fell so precipitously late in the fourth quarter of last year recovered so quickly in the first quarter of this year. Coupled with cuts in production, auto and light truck inventories have been brought back into a more normal relationship with sales. Inventories early in the first quarter were averaging in the 90 to 100 day supply range and have since been reduced to the 60 to 65 day range generally regarded as closer to optimal.

While rapid resolution of the auto inventory problem is surely a sign of strength, the sluggish pace of inventory adjustment in the high-tech area in the early months of this year can only be regarded as a sign of weakness. High-tech inventories accumulated at a record rate for that industry in the fourth quarter of last year and in book-value terms even a little more than for autos. The difference is that auto inventories have quickly been reduced into better alignment with sales while high-tech inventories have not. High-tech inventory accumulation slowed in January and February at the manufacturing level but shipments slowed even more and inventory levels still appear to be excessive.

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One reason that the auto inventory adjustment has gone more smoothly is that the industry sells its product largely, although not exclusively, to consumers where demand has been well maintained. The high-tech industry is heavily engaged in business-to-business transactions where demand has faltered at least temporarily. Real personal consumption expenditure has been remarkably unaffected by the recent slowdown, rising at nearly a 3 percent annual rate of growth in the fourth quarter and at a little more than a 3 percent rate in the first quarter. In marked contrast, business capital spending on information-processing equipment and software rose at a 10 percent annual rate in the fourth quarter and fell at about a 6-1/2 percent annual rate in the first quarter. Strength in consumption and weakness in business capital spending, particularly in the high-tech area, is becoming an increasingly important feature of the current economic situation.

Continuing strength in consumer outlays and growing weakness in capital spending is explained to some degree by recent developments in the wage-productivity-profit area. During the second half of last year, hourly compensation (wages plus benefits) for the nonfarm business sector rose at about a 6-1/2 percent annual rate in nominal terms and productivity grew at a little above a 2-1/2 percent annual rate, leaving nearly a 4 percent rise in unit labor costs. During the same period, the implicit price deflator for nonfarm output (the prices on average that corporations charged) rose by only about 1-1/2 percent, down from a 2-1/2 percent rate of increase in the first half of the year. In other economic environments, corporations might have passed through the increase in unit labor costs in the second half of the year with inflationary consequences. In the recent environment with very little corporate pricing power -- aside from some energy sectors -- the inevitable result has been a severe squeeze on unit profits and some increased uncertainty as to the outlook for capital spending. Comprehensive wage-productivity-profit data are not available yet for the first quarter, but from all indications much the same pattern has persisted.

Private consensus forecasts for the economy remain relatively optimistic. The Blue Chip consensus of 50-some economists at major corporations, financial institutions and academic research organizations provides a useful summary. Their growth projections have been scaled down considerably in the light of recent developments. For example, the consensus projection for real growth over the four quarters of this year was 3.5 percent last September, 3.0 percent last December and 2.0 percent by this April. That 2 percent path consisted of a slow start with only a 0.9 percent rate of growth in the first quarter, in contrast to the higher 2 percent figure released last week, followed by gradually firmer growth during the balance of the year, reaching a little more than a 3 percent rate by the fourth quarter.

This and similar private forecasts, such as that released last week by the National Association of Business Economists, are inherently plausible. There has not been much sign of the cumulative type of economic weakness which might drive the economy sharply lower, and some signs that the economy may already have bottomed with growth still positive. So a cautiously optimistic view of near term economic prospects seems to be warranted. Caution is still indicated because economic strengths and weaknesses are closely balanced with downside risk not yet completely removed from the picture.

Recent high-frequency statistical readings, some of them more forward looking than the comprehensive first quarter Gross Domestic Product results, may provide additional perspective on the near-term outlook.

- The Conference Board's index of leading economic indicators continues to trend downward, but in a gradual fashion more consistent with slow growth than anything worse.

- Both the Conference Board's index of consumer confidence and the University of Michigan's index of consumer sentiment suggest an increasingly cautious attitude on the part of consumers.

- The Conference Board's quarterly survey of business confidence plunged to a very low level at the end of last year, but had rebounded considerably by the end of the first quarter. The assessment of current conditions was still depressed but expectations for business conditions over the next six months had improved relative to the previous survey.

- Weekly initial claims for unemployment insurance continue on an upward path. This suggests that even with the continuation of slow to moderate growth on an economy-wide basis, labor markets may soften somewhat further.

- Both new and existing home sales rose in March with mortgage rates hovering near a relatively low 7 percent. It may be significant that at the end of the first quarter both the housing and auto markets -- traditionally where any serious cyclical weakness might be expected to emerge -- remained relatively strong.

That is a summary of recent economic developments and the near-term economic outlook.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 05/01/01

The Treasury Department today released U.S. reserve assets data for the week ending April 27, 2001. As indicated in this table, U.S. reserve assets totaled $65,036 million as of April 27, 2001, down from $65,249 million as of April 20, 2001.

US millions)

Official U.S. Reserve Assets		April 20, 2001			April 27, 2001		
	TOTAL	65,249			65,036		
Foreign Currency Reserves [1]		Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities		5,331	10,757	16,088	5,313	10,649	15,962
Of which, issuer headquartered in the U.S.				0			0
b. Total deposits with:							
b.i. Other central banks and BIS		9,141	4,657	13,798	8,996	4,610	13,606
b.ii. Banks headquartered in the U.S.				0			0
b.ii. Of which, banks located abroad				0			0
b.iii. Banks headquartered outside the U.S.				0			0
b.iii. Of which, banks located in the U.S.				0			0
IMF Reserve Position [2]				13,886			*13,946*
Special Drawing Rights (SDRs) [2]				10,432			*10,477*
Gold Stock [3]				11,046			11,046
Other Reserve Assets				0			0

Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account ;OMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and ᵌposits reflect carrying values.

The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in ›llar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for April 20 are final. The entries in the table above r April 27 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of March 31, 2001. The February 28, 2001 value was 1,046 million.

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U.S. International Reserve Position (cont'd)

Predetermined Short-Term Drains on Foreign Currency Assets	April 20, 2001	April 27, 2001
Foreign currency loans and securities	0	0
Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
Other	0	0

Contingent Short-Term Net Drains on Foreign Currency Assets	April 20, 2001	April 27, 2001
Contingent liabilities in foreign currency	0	0
.a. Collateral guarantees on debt due within 1 year		
.b. Other contingent liabilities		
Foreign currency securities with embedded options	0	0
Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

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TREASURY NEWS

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For immediate release
May 1, 2001

Contact: Rob Nichols/Tara Bradshaw
(202) 622-2960

O'NEILL: TREASURY WILL BE READY TO ISSUE REFUND CHECKS

In order for the Treasury to be prepared to send tax relief to the American people quickly, Treasury Secretary Paul O'Neill yesterday approved the purchase of paper necessary to print and mail checks for the retroactive portion of the President's tax cut.

"I'm hopeful the Congress will vote on tax relief by June 1," O'Neill said. "The Treasury Department will be ready, willing and able to implement the President's tax relief plan as soon as Congress acts."

Congress has now agreed to send a portion of this year's budget surplus back to taxpayers this year. The Senate budget resolution included $85 billion for this purpose. Secretary O'Neill has ordered the IRS to consider how they would implement such a tax refund, should Congress include one as it considers the President's tax relief plan.

Secretary O'Neill yesterday gave approval for the Financial Management Service to pre-purchase the paper on which the refund checks will be printed and the envelopes in which the checks will be mailed. The purchase may cost up to $4 million, and much of the paper could be used for other purposes in the event Congress does not authorize refund checks.

"It's important to enact the President's tax relief plan quickly to give the slowing economy a much needed second wind," said Treasury Secretary Paul O'Neill. "We're working to put money back in the hands of the people who earned it, and to do it this year."

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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For Immediate Release
May 2, 2001

Contact: Tony Fratto
(202) 622-2960

DEPUTY ASSISTANT SECRETARY FOR FEDERAL FINANCE
MICHAEL J. PAULUS
REMARKS AT THE MAY 2001 TREASURY QUARTERLY REFUNDING

Good morning. I am pleased to be with you today to discuss the government's refunding needs for the current quarter. In addition, I will be making a few announcements with respect to other aspects of Treasury's debt management.

Debt Paydown

On Monday, Treasury announced that we expect to pay down an estimated $187 billion of outstanding marketable debt during the April-June quarter. When the additional paydown of $57 billion that is currently estimated for the July-September quarter is considered, we expect to have paid down $252 billion in marketable Treasury debt for the fiscal year.

Debt Buybacks

Since our last quarterly refunding announcement, we have successfully completed our buyback operations for the January-March quarter, purchasing $9 billion par amount of securities. We continue to be pleased with the results of our buyback operations.

In February we announced that we expect to conduct buybacks in the current April-June quarter of approximately $9 billion par amount. We now expect to slightly increase the amount of buybacks this quarter to approximately $10 billion.

Additionally, today we are announcing that we expect to conduct buybacks of approximately $10 billion par amount of securities in the July-September quarter.

4-Week Bill

One of Treasury's primary debt management goals is efficient cash management. This task has been made more challenging in recent years due to the increasing volatility of Treasury's cash balances. This volatility has been due to an increase in tax receipts, an increase in government expenditures, and a reduction in the frequency with which we issue debt as we have responded to growing budget surpluses.

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Traditionally, the Treasury has adjusted its short term bill issuance in response to expected cash needs, and has issued cash management bills to cover periods of cash shortfall. Due to the greater volatility of our cash balances over the past few years, however, we have increasingly relied upon the use of cash management bills. Increasing the issuance of cash management bills is not the most cost-efficient means of financing our short-term cash needs. In addition, the Treasury's Borrowing Advisory Committee has recommended that we move to the regular issuance of a new short-term bill.

Consequently, we are planning to introduce a 4-week bill before the end of this fiscal year. This will provide Treasury with greater flexibility in managing our cash needs, reduce our dependence on cash management bills, and improve the cost-efficiency of our short-term financing. We will provide further details on the introduction of the 4-week bill at a later date.

35 Percent Rule

In the November 2000 refunding announcement, Treasury indicated we were studying potential changes to the application of the 35 percent rule to our auctions. This rule currently limits the sum of a bidder's net long position plus its competitive awards to 35 percent of the auction amount. In the case of a reopening, holdings of the outstanding security are counted in the calculation of a bidder's net long position. The Borrowing Advisory Committee has also recommended that we revise the manner in which we apply this rule.

During the upcoming quarter we will be releasing for public comment a proposed change to the rules that limit the size of awards in Treasury's auctions. We look forward to receiving comments from market participants on this issue and will review all responses carefully as we address this issue going forward.

Terms of the May Refunding

I will now turn to the terms of the May Refunding. We are offering $22 billion of notes to refund approximately $21 billion of privately held notes and bonds maturing on May 15, borrowing approximately $1 billion. The securities are:

- A 5-year note in an amount of $13 billion, maturing May 15, 2006.
- A re-opening of the 5% 10-year notes issued in February 2001, maturing February 15, 2011, in an amount of $9 billion.

These securities will be auctioned on a yield basis at 1:00 pm eastern time on Tuesday, May 8 and Wednesday, May 9, respectively.

As announced on Monday, we estimate that we will have a $60 billion cash balance on June 30 and a $60 billion cash balance on September 30. We expect to issue cash management bills this quarter to bridge seasonal low points in our cash position.

In keeping with Treasury's traditional practice, we will continue to announce any changes to our debt management policy at our quarterly refunding press conferences. Our next quarterly refunding announcement will take place on Wednesday, August 1.

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TREASURY NEWS

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For Immediate Release
Wednesday, May 2, 2001

Contact: **Rob Nichols**
(202) 622-2910

STATEMENT BY TREASURY SECRETARY PAUL O'NEILL ON THE PRESIDENT'S COMMISSION TO STRENGTHEN SOCIAL SECURITY

I share President Bush's goal of making Social Security stronger and more secure for this generation and for future generations. We must take action now to enhance personal retirement security by putting Social Security on a firm financial footing so we can keep our commitment to current seniors and also meet the needs of our children and grandchildren.

Ownership, access to wealth and independence should not be the privilege of the few. They are the hope of every American, and we must make them the foundation of Social Security.

Modernizing Social Security with voluntary personal retirement accounts will enable individuals to build financial wealth and retirement security in a way that the current Social Security system does not. Personal accounts invested in safe private financial markets will earn higher rates of return than the traditional system and help workers enhance their personal savings and their freedom to retire. Individual ownership of a real financial asset will protect against political risk over retirement investment decisions, providing more security for working Americans.

Since at least 1926, the real return on a portfolio of equities held for 40 years has always exceeded the real return on a portfolio of government bonds held for 40 years. It's time to put the miracle of compound interest to work for all Americans.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
May 2, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY MAY QUARTERLY FINANCING

The Treasury will auction $13,000 million of 5-year notes and $9,000 million of 9-3/4-year 5% notes to refund $21,390 million of publicly held securities maturing May 15, 2001, and to raise about $610 million of new cash.

In addition to the public holdings, Federal Reserve Banks hold $5,632 million of the maturing securities for their own accounts, which may be refunded by issuing additional amounts of the new securities.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $177 million into the 5-year note and $14 million into the 9-3/4-year note.

All of the auctions being announced today will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders. The allocation percentage applied to bids awarded at the highest yield will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

All of the securities being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the notes are given in the attached offering highlights.

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Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC
MAY 2001 QUARTERLY FINANCING

May 2, 2001

Offering Amount	$13,000 million	$9,000 million
Description of Offering:		
Term and type of security	5-year notes	9-3/4-year notes (reopening)
Series	E-2006	B-2011
CUSIP number	912827 6X 5	912827 6T 4
Auction date	May 8, 2001	May 9, 2001
Issue date	May 15, 2001	May 15, 2001
Dated date	May 15, 2001	February 15, 2001
Maturity date	May 15, 2006	February 15, 2011
Interest rate	Determined based on the highest accepted competitive bid	5%
Amount currently outstanding	Not applicable	$11,976 million
Yield	Determined at auction	Determined at auction
Interest payment dates	November 15 and May 15	August 15 and February 15
Minimum bid amount and multiples	$1,000	$1,000
Accrued interest payable by investor	None	$12.29282 per $1,000 (from February 15, 2001 to May 15, 2001)
Premium or discount	Determined at auction	Determined at auction
STRIPS Information:		
Minimum amount required	$1,000	$1,000
Corpus CUSIP number	912820 GG 6	912820 GC 5
Due date(s) and CUSIP number(s) for additional TINT(s)	Not applicable	Not applicable

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $5,000,000 at the highest accepted yield.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a yield with three decimals, e.g., 7.123%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield: 35% of public offering

Maximum Award: ....35% of public offering

Receipt of Tenders:

Noncompetitive tenders ....Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ....Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: ....By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

For Immediate Release:
May 2, 2001

Contact: Public Affairs
(202) 622-2960

TESTIMONY OF TREASURY ACTING UNDER SECRETARY DONALD V. HAMMOND BEFORE THE SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT OF THE COMMITTEE ON FINANCIAL SERVICES U.S. HOUSE OF REPRESENTATIVES

Chairman Bachus, Ms.Waters, and Members of the Subcommittee, I appreciate the opportunity to appear here today to discuss the joint Federal Reserve-Treasury rule proposal on whether to permit financial holding companies and financial subsidiaries of national banks to engage in real estate brokerage and real estate management under the Gramm-Leach-Bliley Act.

The four-month public comment period for this proposal ended yesterday. Based on the substantial number of comment letters that the Treasury and the Federal Reserve Board have received, there clearly is wide public interest in this proposal. We received comments from several of the Members and witnesses at today's hearing and note that the hearing transcript will be made part of our rulemaking record. We will carefully review the issues raised by all the commenters.

Because the rulemaking is pending, I will not be able to discuss the Treasury's views on substantive issues involved in making a final decision about the proposed rule. Instead, my prepared remarks will briefly describe the process and factors we considered in making the proposal and where it stands today.

By way of background, let me begin by highlighting the key provisions of the Gramm-Leach-Bliley Act that relate to the rulemaking.

Rulemaking Provisions of the Gramm-Leach-Bliley Act

At its core, the Gramm-Leach-Bliley Act (the Act) stimulates greater competition and innovation in the financial services industry. At the same time, the legislation promotes consumer protection and safety and soundness, and restricts the mixing of banking and commerce.

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To accomplish these outcomes, the Act amended the National Bank Act to allow national banks to control qualifying "financial subsidiaries" that are permitted to engage in certain activities that national banks may not conduct directly. This authority is separate from but has some similarities to that of "financial holding companies" under the Bank Holding Company Act.

The Act permits financial subsidiaries to engage in a broad range of specific activities, as well as other activities the Treasury determines, in consultation with the Federal Reserve Board, to be "financial in nature or incidental to a financial activity." According to the Conference Report, the "financial in nature or incidental" standard represents a significant expansion of the "closely related to banking" standard that the Board previously applied in determining the permissibility of activities for bank holding companies.

Under the Act's consultation requirement, neither the Treasury nor the Board may determine that an activity is financial in nature or incidental to a financial activity if the other agency disagrees with such a determination in writing. We and the Board are working cooperatively in making these determinations, as the joint proposal demonstrates.

In making determinations, the Gramm-Leach-Bliley Act requires us to take into account, among other factors:

- the Act's purposes,
- changes in the marketplace in which banks compete,
- changes in the technology for delivering financial services, and
- whether the activity is necessary or appropriate to allow a bank and its subsidiaries to compete effectively with any company seeking to provide financial services in the United States.[1]

We also may consider other factors and information that we consider relevant.

The Act prohibits financial subsidiaries of national banks from engaging as principal in certain specified activities, including real estate investment and development unless otherwise expressly authorized by law.

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[1] Section 5136A(b)(2) of the Revised Statutes (the National Bank Act) provides that:

"In determining whether an activity is financial in nature or incidental to a financial activity, the Secretary shall take into account –

(A) the purposes of this Act and the Gramm-Leach-Bliley Act;
(B) changes or reasonably expected changes in the marketplace in which banks compete;
(C) changes or reasonably expected changes in the technology for delivering financial services; and
(D) whether such activity is necessary or appropriate to allow a bank and the subsidiaries of a bank to –
(i) compete effectively with any company seeking to provide financial services in the United States;
(ii) efficiently deliver information and services that are financial in nature through the use of technological means, including any application necessary to protect the security or efficacy of systems for the transmission of data or financial transactions; and
(iii) offer customers any available or emerging technological means for using financial services or for the document imaging of data."

Let me turn now, Mr. Chairman, to a description of the process that the Treasury and the Board are following and where the rulemaking stands currently.

Status of the Rulemaking Process

More than a year ago the Treasury and the Board received requests from the American Bankers Association, the Financial Services Roundtable, and the New York Clearing House Association asking that we determine that real estate brokerage and real estate management activities are financial in nature or incidental to a financial activity. Shortly thereafter, the National Association of Realtors sent a letter opposing such a determination.

In March 2000, the Treasury issued an Interim Final Rule setting forth specific procedures for requesting determinations under the Act, and we invited the American Bankers Association and the Financial Services Roundtable to resubmit their requests to conform to these procedures. The American Bankers Association did so in July, and a month later Freemont National Bank submitted a request that referenced the American Bankers Association's request.

After considering the factors specified in the Act and other relevant information, and consulting with the Federal Reserve Board and its staff, in December we agreed with the Board to issue a joint notice of proposed rulemaking with a 60-day comment period. The proposal was published in the Federal Register on January 3rd.

Following publication, it soon became apparent that there was a great deal of public interest in the proposal. Given this wide public interest and our desire to give the public sufficient time to consider and comment on the proposal, and in view of letters we received requesting an extension, the Treasury and the Board decided to extend the comment period another 60 days.

As I mentioned, the comment period has now closed and we are shifting to the comment review process. Of the numerous comment letters we and the Federal Reserve have received, most have come from real estate brokers expressing the same or similar views. We are in the process of reading and analyzing the comment letters, and we will give serious consideration to the views expressed.

Mr. Chairman, let me highlight just a few points about the proposal itself.

The Elements of the Proposal

In assessing the requests we received to approve real estate brokerage, we concluded that a threshold case can be made that direct competition exists between real estate brokers and banking organizations. For example, as the proposal notes, some depository institutions already engage in real estate brokerage. According to information provided by the Conference of State Bank Supervisors, 26 states appear to permit their state-chartered banks or subsidiaries to act as general real estate brokers. The Office of Thrift Supervision has determined that service corporation subsidiaries of federal savings associations may provide general real estate brokerage services.

In addition, banks and bank holding companies participate in most aspects of the typical real estate transaction other than brokerage. These activities include real estate lending, leasing, appraisal and investment advisory services, settlement and escrow services, arranging commercial real estate equity financing, and providing title and private mortgage insurance. Banks and bank holding companies also engage in a variety of activities that at first glance seem functionally and operationally similar to real estate brokerage, including finder activities and securities and insurance brokerage.

The proposal notes that as the financial marketplace continues to evolve, it appears that many financial companies are adding real estate brokerage to their menu of services. Buyers and sellers of real estate increasingly may look to a single company to provide all their real estate-related needs.

The proposal also notes that existing federal and state laws should operate to mitigate the potential adverse effects of combining banking and real estate brokerage. For example, the antitying rules would prohibit the bank from extending credit, furnishing any service, or varying the consideration for any loan or service on the condition that the customer obtain real estate brokerage services from the bank or any affiliate, including a financial subsidiary.

If a customer obtained real estate brokerage services from a bank affiliate or financial subsidiary, the Federal Reserve Act would require any mortgage loan made by the bank to that customer to be on market terms. The Federal Reserve Act also would limit the amount of credit and certain other forms of support that a bank could provide to a real estate brokerage affiliate or financial subsidiary.

In addition, because the proposed real estate brokerage services are activities conducted as agent, with no principal risk involved, the proposed brokerage activity does not appear to present significant financial risks to banking organizations or their depository institution affiliates.

In discussing brokerage activities, our proposal highlights the issue of employee relocation services, some of which seem less obviously a part of real estate brokerage than others. The proposed rule would prohibit brokers from taking title to real estate brokered by the company, but the proposal invites comment on whether taking title might be considered incidental to real estate brokerage under certain circumstances.

We express some doubts in the proposal as to whether all aspects of real estate management are financial in nature or incidental. For example, our proposal would preclude a financial subsidiary or a financial holding company that provides real estate management services from itself repairing or maintaining the managed real estate.

Conclusion

In conclusion, Mr. Chairman, we intend to carefully consider the issues raised by all the commenters, including the views expressed at this morning's hearing. As we move forward, the Treasury will work closely with the Federal Reserve to ensure that this and other rulemakings under the financial in nature authority are consistent with the criteria Congress prescribed, the legal process, and the public interest.

Thank you. I am happy to respond to any questions.

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federal financing bank NEWS
WASHINGTON, D.C. 20220
Press 202-622-2960
FFB 202-622-2470

FEDERAL FINANCING BANK April 30, 2001

Kerry Lanham, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of March 2001.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled $39.3 billion on March 31, 2001, posting an increase of $416.9 million from the level on February 28, 2001. This net change was the result of an increase in holdings of agency debt of $406.1 million and in holdings of government-guaranteed loans of $67.5 million, and a decrease in holdings of Agency Assets of $56.7 million. FFB made 82 disbursements and received 13 prepayments during the month of March.

Attached to this release are tables presenting FFB March loan activity and FFB holdings as of March 31, 2001.

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FEDERAL FINANCING BANK
MARCH 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
ENCY DEBT				
.S. POSTAL SERVICE				
.S. Postal Service	3/01	$330,000,000.00	3/02/01	4.948% S/A
.S. Postal Service	3/01	$395,100,000.00	3/02/01	4.968% S/A
.S. Postal Service	3/02	$1,400,000,000.00	3/05/01	4.979% S/A
.S. Postal Service	3/02	$286,600,000.00	3/05/01	4.966% S/A
.S. Postal Service	3/05	$1,625,000,000.00	3/06/01	4.968% S/A
.S. Postal Service	3/05	$266,400,000.00	3/06/01	4.948% S/A
.S. Postal Service	3/06	$200,000,000.00	2/28/03	4.543% S/A
.S. Postal Service	3/06	$200,000,000.00	11/15/05	4.780% S/A
.S. Postal Service	3/06	$200,000,000.00	2/15/11	4.999% S/A
.S. Postal Service	3/06	$200,000,000.00	2/18/31	5.417% S/A
.S. Postal Service	3/06	$600,000,000.00	3/07/01	4.966% S/A
.S. Postal Service	3/06	$173,200,000.00	3/07/01	4.916% S/A
.S. Postal Service	3/07	$360,000,000.00	3/08/01	4.948% S/A
.S. Postal Service	3/07	$241,000,000.00	3/08/01	4.813% S/A
.S. Postal Service	3/08	$200,000,000.00	3/09/01	4.916% S/A
.S. Postal Service	3/08	$279,600,000.00	3/09/01	4.802% S/A
.S. Postal Service	3/09	$366,000,000.00	3/12/01	4.852% S/A
.S. Postal Service	3/12	$168,300,000.00	3/13/01	4.781% S/A
.S. Postal Service	3/16	$150,000,000.00	3/19/01	4.667% S/A
.S. Postal Service	3/16	$333,800,000.00	3/19/01	4.665% S/A
.S. Postal Service	3/19	$450,000,000.00	3/20/01	4.646% S/A
.S. Postal Service	3/19	$356,600,000.00	3/20/01	4.657% S/A
.S. Postal Service	3/20	$300,000,000.00	3/21/01	4.665% S/A
.S. Postal Service	3/20	$274,200,000.00	3/21/01	4.616% S/A
.S. Postal Service	3/21	$170,000,000.00	3/22/01	4.657% S/A
.S. Postal Service	3/21	$270,500,000.00	3/22/01	4.439% S/A
.S. Postal Service	3/22	$550,000,000.00	3/23/01	4.616% S/A
.S. Postal Service	3/22	$266,300,000.00	3/23/01	4.387% S/A
.S. Postal Service	3/23	$1,100,000,000.00	3/26/01	4.439% S/A
.S. Postal Service	3/23	$286,100,000.00	3/26/01	4.417% S/A
.S. Postal Service	3/26	$275,000,000.00	3/27/01	4.387% S/A
.S. Postal Service	3/26	$310,100,000.00	3/27/01	4.419% S/A
.S. Postal Service	3/27	$100,000,000.00	3/28/01	4.417% S/A
.S. Postal Service	3/27	$194,200,000.00	3/28/01	4.470% S/A
.S. Postal Service	3/28	$164,400,000.00	3/29/01	4.460% S/A
.S. Postal Service	3/29	$97,600,000.00	3/30/01	4.449% S/A
.S. Postal Service	3/30	$800,000,000.00	4/02/01	4.460% S/A
.S. Postal Service	3/30	$331,100,000.00	4/02/01	4.427% S/A
VERNMENT-GUARANTEED LOANS				
ENERAL SERVICES ADMINISTRATION				
hamblee Office Building	3/05	$9,830.40	10/01/26	5.477% S/A
tlanta CDC Lab	3/05	$38,909.93	1/30/02	4.619% S/A

FEDERAL FINANCING BANK
MARCH 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
CTC Building	3/14	$284,626.65	11/02/26	5.446% S/A
tlanta CDC Lab	3/23	$5,559.95	1/30/02	4.236% S/A
hamblee Office Building	3/27	$8,251.99	10/01/26	5.416% S/A
tlanta CDC Lab	3/28	$936.65	1/30/02	4.402% S/A
tlanta CDC Lab	3/30	$1,409,014.35	1/30/02	4.272% S/A
an Francisco OB	3/30	$449,576.78	8/01/05	4.730% S/A
EPARTMENT OF EDUCATION				
ougaloo College	3/12	$76,484.45	9/04/29	5.323% S/A
ougaloo College	3/12	$49,464.10	9/04/29	5.323% S/A
ougaloo College	3/12	$117,901.61	9/04/29	5.323% S/A
ougaloo College	3/12	$283,810.37	9/04/29	5.323% S/A
URAL UTILITIES SERVICE				
ri-County EMC #557	3/01	$490,000.00	1/03/34	5.299% Qtr
entral Texas Elec. #520	3/02	$219,000.00	6/30/05	4.696% Qtr
elaware County Elec. #682	3/02	$250,000.00	4/01/02	4.417% Qtr
. Farmers Elec. #701	3/02	$4,549,000.00	12/31/25	5.217% Qtr
llinois Electric #708	3/05	$2,194,000.00	1/02/35	5.334% Qtr
nited Elec. #519	3/05	$213,000.00	1/03/34	5.333% Qtr
erendrye Elec. #702	3/07	$1,444,000.00	12/31/29	5.347% Qtr
organ County Elec. #710	3/13	$921,000.00	12/31/09	4.785% Qtr
aurens Elec. #553	3/15	$4,900,000.00	1/03/34	5.227% Qtr
entral Texas Elec. #523	3/16	$500,000.00	3/31/05	4.403% Qtr
art Elec. #698	3/16	$4,000,000.00	1/02/35	5.170% Qtr
olk County #637	3/16	$530,000.00	1/02/35	5.231% Qtr
ebster Electric #705	3/16	$2,000,000.00	1/02/35	5.232% Qtr.
elfalls Elec. #542	3/20	$450,000.00	1/03/34	5.336% Qtr.
ackson Energy #527	3/20	$1,808,000.00	6/30/11	4.781% Qtr.
gralite Elec. #543	3/21	$380,000.00	1/03/34	5.209% Qtr.
LUE GRASS ENERGY #674	3/21	$2,000,000.00	7/02/01	4.444% Qtr.
armers' Elec. #598	3/21	$2,697,000.00	1/03/34	5.209% Qtr.
eorgia Trans. Corp. #559	3/21	$5,650,116.00	12/31/25	5.161% Qtr.
orry Electric Coop. #536	3/23	$7,000,000.00	1/03/34	5.176% Qtr.
airyland Power #588	3/26	$11,250,788.00	1/03/28	5.333% Qtr.
airyland Power #589	3/26	$698,690.00	1/03/28	5.208% Qtr.
rayson Rural Elec. #619	3/26	$1,000,000.00	7/02/01	4.271% Qtr.
erendrye Elec. #702	3/26	$556,000.00	12/31/29	5.223% Qtr.
itizens Tel (VA) #680	3/27	$141,000.00	12/31/15	4.860% Qtr.
TC Communications #709	3/28	$6,648,000.00	4/01/02	4.264% Qtr.
armers' Elec. #598	3/29	$2,697,000.00	1/03/34	5.403% Qtr.
ash.-St. Tammany Elec. #483	3/29	$15,006,000.00	12/31/31	5.521% Qtr.
umberland Valley #668	3/30	$4,200,000.00	7/02/01	4.289% Qtr.
arland Light & Power #558	3/30	$230,000.00	1/03/34	5.421% Qtr.
ighthouse Elec. #590	3/30	$2,747,000.00	1/03/34	5.421% Qtr.
olin Rural Elec. #577	3/30	$2,583,000.00	7/02/01	4.289% Qtr.

S/A is a Semiannual rate.
Qtr. is a Quarterly rate.

FEDERAL FINANCING BANK HOLDINGS
(in millions of dollars)

Program	March 31, 2001	February 28, 2001	Monthly Net Change 3/1/01- 3/31/01	Fiscal Year Net Change 10/1/00- 3/31/01
Agency Debt:				
U.S. Postal Service	$6,481.1	$6,075.0	$406.1	-$2,780.9
National Credit Union Adm.-CLF	$4.0	$4.0	$0.0	$4.0
Subtotal*	$6,485.1	$6,079.0	$406.1	-$2,776.9
Agency Assets:				
FmHA-RDIF	$3,070.0	$3,070.0	$0.0	-$340.0
FmHA-RHIF	$5,155.0	$5,155.0	$0.0	-$385.0
DHHS-Medical Facilities	$0.5	$0.5	$0.0	-$0.2
Rural Utilities Service-CBO	$4,270.2	$4,326.9	-$56.7	-$56.7
Subtotal*	$12,495.7	$12,552.4	-$56.7	-$781.9
Government-Guaranteed Lending:				
DOD-Foreign Military Sales	$2,273.7	$2,291.4	-$17.7	-$116.7
DoEd-HBCU+	$22.9	$22.5	$0.4	$2.2
DHUD-Community Dev. Block Grant	$9.7	$9.7	$0.0	-$1.1
DHUD-Public Housing Notes	$1,278.7	$1,278.7	$0.0	-$69.8
General Services Administration+	$2,292.8	$2,295.4	-$2.6	-$19.8
DOI-Virgin Islands	$13.6	$13.6	$0.0	-$1.1
DON-Ship Lease Financing	$949.1	$949.1	$0.0	-$98.4
Rural Utilities Service	$13,371.4	$13,281.4	$90.0	$381.9
SBA-State/Local Development Cos.	$145.1	$147.6	-$2.5	-$14.1
DOT-Section 511	$3.5	$3.5	$0.0	-$0.1
Subtotal*	$20,360.4	$20,292.9	$67.5	$63.1
Grand total*	$39,341.2	$38,924.3	$416.9	-$3,495.7

* figures may not total due to rounding
\+ does not include capitalized interest

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
May 3, 2001

Contact: Sean Miles
(202) 622-2960

MEDIA ADVISORY

Treasury Secretary Paul O'Neill will host a Photo-Op (pool only) with Senate Finance Committee Chairman Grassley, Ways & Means Committee Chairman Thomas, and White House Legislative Affairs Director Nick Calio. The Photo-Op will take place Thursday, May 3, 2001 at 7:45 a.m. in the Treasury Department room 3330.

Pool members without Treasury or White House press credentials planning to attend should contact Treasury's Office of Public Affairs at (202) 622-2960 with the following information: name, social security number and date of birth. This information may be also faxed to (202) 622-1999.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

Embargoed Until 10 a.m. EDT
May 3, 2001

Contact: Public Affairs
(202) 622-2960

TREASURY SECRETARY PAUL H. O'NEILL
TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT

Chairman Istook, Representative Hoyer and Members of this Subcommittee, I appreciate this opportunity to discuss Treasury's Fiscal Year 2002 budget request. With me today is Jim Flyzik, the Acting Assistant Secretary for Management.

This is my first time before this Subcommittee. I look forward to continuing the tradition of cooperation between the Treasury and Members of this Subcommittee.

The Treasury Department's FY 2002 budget supports the Administration's major goals: providing tax relief, moderating recent rapid growth in spending, while funding national priorities, paying down the debt, and protecting Social Security surpluses. Our budget request for FY 2002 totals $14.631 billion and balances fiscal accountability with the need for the resources required to maintain Treasury's operations and implement the President's priorities.

We have provided the Committee with a detailed breakdown of Treasury's entire FY 2002 budget request. Let me highlight three important areas of focus.

- *First, improving service to taxpayers and ensuring compliance with the tax laws.*
- *Second, continuing our efforts to fight drugs and crime.*
- *And third, improving management and performance.*

I will address each of these items in turn.

First, Improving Service to Taxpayers and Ensuring Compliance with the Tax Laws

In its mission statement, the IRS has pledged to focus on two core priorities: "Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities, and apply the tax law with integrity and fairness to all."

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Like President Bush, I believe strongly that the IRS should enforce the tax code fairly and evenly with the least imposition on the taxpayer. And consistent with that goal, the President has requested adequate resources to fund necessary IRS improvements. This budget represents a 6.7 percent increase over the 2001 budget, and recognizes the investments needed to modernize the IRS.

Commissioner Rossotti and the IRS have made progress implementing the 1998 reforms mandated by Congress, and the IRS has a plan to improve service and enforcement, while protecting taxpayer rights. But clearly there is much more to accomplish.

The Administration's budget request includes close to $400 million in investments to modernize the IRS' outdated computer systems. This multi-year project will help provide the IRS with better tools to improve both customer service to America's taxpayers and compliance programs designed to administer the tax code in a fair manner. The Committee has shown its support for this program in past years by making available needed funds, and we ask you to continue to support this critical program.

The President's budget also includes follow-on funding for the *STABLE* initiative to complete the hiring of almost 4,000 staff to address these same issues. This investment is important for the integrity of the tax system, which depends heavily on maintaining voluntary compliance, and to provide the service the American taxpayers deserve.

The amount in the President's budget will allow the IRS to provide America's taxpayers better quality service and help to enforce the tax laws with integrity and fairness.

Second, Continuing Our Efforts to Fight Drugs and Crime

Treasury's law enforcement bureaus perform critical roles in implementing the Administration's anti-drug and anti-crime policies. Treasury's budget request continues to support our responsibilities in law enforcement and oversight, including efforts: **(1)** to reduce the smuggling and trafficking of drugs while facilitating lawful trade; **(2)** to deter firearms violence; **(3)** to combat financial crimes and money laundering; **(4)** to protect our nation's leaders; and **(5)** to provide quality law enforcement training. Although the range of involvement in law enforcement issues across the Department is broad, I want to highlight some specific examples of Treasury efforts that support the President's priorities of combating crime and drug abuse and that emphasize improved public safety and enhanced security for our citizens.

In recognition of the President's promise to increase spending to implement the Western Hemisphere Drug Elimination Act, the Customs Service, in coordination with the United States Coast Guard, requests $35 million for acquisition of selected air and water craft and surveillance and safety equipment to improve interdiction efforts against illegal drugs.

The budget recognizes the need for Customs to modernize its automated systems. Continued rapid growth in trade transactions has magnified both the urgency of proceeding with the overall modernization effort and the critical need to maintain viability of the existing Automated Commercial System, which, until recently, had been subject to an increasing number of system outages.

Therefore, the budget seeks **(1)** additional investments in the Customs automation modernization program to facilitate and manage its trade operations ($130 million) through the Automated Commercial Environment and to provide for a government-wide trade data interface through the International Trade Data System ($5.4 million); and **(2)** sufficient funding to maintain the existing Automated Commercial System while the modernization effort is underway.

This budget provides for the Bureau of Alcohol, Tobacco and Firearms to continue its ongoing efforts in the following programs: the Integrated Violence Reduction Strategy, the Youth Crime Gun Interdiction Initiative, nationwide crime gun tracing, and the National Integrated Ballistics Information Network.

Enforcement of money laundering laws also contributes to stemming the flow of drugs, weapons and other contraband. This budget request maintains support for the Financial Crimes Enforcement Network to strengthen anti-money laundering efforts and enforce regulatory compliance of the Money Services Business industry, as required under the Money Laundering Suppression Act.

The threat of global terrorism, whether conventional or cyber, has intensified the demands on Treasury's enforcement bureaus to formulate innovative protective strategies that seek to integrate cyber security with traditional physical security. The budget request maintains support for the Secret Service to continue to address their complex workload and multiple mission requirements. This includes protecting our nation's leaders and our financial payment infrastructures, protecting the integrity of our currency in light of global dollarization, and safeguarding the public against terrorist acts, both conventional and cyber in nature.

Ensuring the physical protection of our nation's leaders and visiting world leaders in an environment of increased threats to political leaders remains one of Treasury's top priorities. We are requesting funding for pay reform for the U.S. Secret Service Uniformed Division (authorized in December 2000) to provide adequate incentive to attract highly qualified recruits and retain skilled and seasoned personnel.

The Department will ensure that specialized funding sources to support unique programmatic requirements are spent wisely. The Department will continue the practice of supplementing selected Treasury law enforcement bureaus' non-recurring operations and investments through the Treasury Forfeiture Fund. Another fund, the Counterterrorism Fund, supports emergency efforts across the Department. Treasury will rely on this fund to assist in covering of costs associated with, among other priorities, Treasury's role in the upcoming Salt Lake City Winter Olympics.

Third, Improving Management and Performance

This budget request also provides resources to sustain the programmatic oversight and technical support provided by Treasury Departmental Offices. This oversight and support is essential to our overall leadership role in law enforcement, tax administration, international and domestic economic and tax policy, and financial management. The request includes funding required to sustain previously approved staffing levels, with no increase in staffing levels being proposed in this request.

Throughout the Department, I am taking a keen interest in performance and the budget, viewing them as integral to our efforts to establish goals and measure results. Part of this process will require us to improve our performance measures to make them more useful in and relevant to the decision-making process, as well as the improving the timeliness and accuracy of the information systems that capture and report performance data. This is an opportunity to fundamentally review what we do and why we do it. Therefore, the FY 2001 and FY 2002 Performance Plans presented in the budget may be revised pending completion of this review. Treasury will notify Congress of any such revisions in a timely manner.

Good stewardship of taxpayer resources is a responsibility I take seriously. We must provide the taxpayers with real value for the hard-earned tax dollars they entrust to the Treasury.

Treasury has a rich reputation for leadership and quality and I want to be a part of continuing that tradition. My notion of leadership centers on excellence.

I am thoroughly convinced that if your organization is not striving to be the best in the world at everything you do, then you are unlikely to be truly excellent as an organization. Let me take this down from the lofty to the concrete. In the organization that I left in December, it took us 2-1/2 days to close our financial books at more than 300 locations in 36 countries. It takes the Federal Government five months to close our books; and then the auditors give us a qualified opinion. This is not the stuff of excellence.

Let me hasten to add, this is not the fault of the workforce. They can deliver what the leadership asks for. I proved in my previous work life that it is possible to build an organization that is known for excellence, based on a foundation of dignity and respect for every individual. Caring about the health and safety of the 150,000 people in Treasury who depend on me for leadership is important, and it will continue to be important as I lead a Department with such a rich heritage

Conclusion.

In summary, Mr. Chairman, I believe that Treasury's $14.6 billion request for Fiscal 2002 will enable us to continue the important initiatives underway throughout the Department, as well as advance those key priorities set out by the President. I ask for your support of our FY 2002 budget request so that the Treasury Department can fulfill its wide range of responsibilities in serving the American people.

Thank you very much.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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For immediate release --
May 3, 2001

Contact: Rob Nichols/Tara Bradshaw
(202) 622-2960

Treasury Secretary Paul O'Neill Meets with Senate Finance Committee Chairman Chuck Grassley and House Ways and Means Committee Chairman Bill Thomas

Secretary O'Neill made the following statement:

Congress has agreed on a budget framework, including $1.35 trillion for tax relief. We're getting right to work on the details of how we get tax relief to the American people. We have the opportunity to cut income tax rates retroactively for all Americans, including millions of small businesses. If we act quickly, refund checks can go out the door this summer and give the economy a second wind.

Working together, we will put substantial tax relief on the President's desk by the end of this month, and in the pockets of working Americans only a few weeks later.

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PO-350

DEPARTMENT OF THE TREASURY

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FOR IMMEDIATE RELEASE
May 3, 2001

Contact: Tara Bradshaw
(202) 622-2960

UNITED STATES AND BANGLADESH INITIAL NEW INCOME TAX TREATY

The Treasury Department announced today that delegations from the United States and the People's Republic of Bangladesh have reached agreement on the text of a treaty for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. The text of the treaty was initialed by the heads of the two delegations.

The initialing of the Agreement indicates the recommendation of the negotiators that the governments sign the Convention as promptly as possible and complete the steps necessary in each country to bring the treaty into force. In the United States, this requires that the signed treaty be transmitted to the Senate for its advice and consent to ratification. If the Senate gives such advice and consent, and the treaty enters into force, it will be the first such agreement between the two countries.

The text of the treaty will be made public after signature.

PO-351

For Release Upon Delivery
Expected at 10:00 a.m.
May 3, 2001

STATEMENT OF
JOSEPH MIKRUT
TAX LEGISLATIVE COUNSEL
DEPARTMENT OF THE TREASURY
BEFORE THE SUBCOMMITTEE ON SELECT REVENUE MEASURES
COMMITTEE ON WAYS AND MEANS

Mr Chairman, Mr. McNulty, and Members of the Subcommittee:

I appreciate the opportunity to discuss with you today tax incentives for the domestic production of oil and gas and for energy conservation. There has been renewed interest in the role of tax incentives in our national energy policy and I would like to begin my testimony with a discussion of general principles that may be relevant in analyzing particular incentives.

General Principles

The fundamental principle underlying a sound energy policy is that markets should be allowed to function freely and market interventions should be avoided unless justified by compelling energy security, economic, environmental, or other concerns. In some instances, markets may not properly value the benefits of certain investments. For example, a market rate of return for investments that increase domestic oil and gas reserves may not reflect the contribution of those investments to ensuring stability in supply and thereby reducing our vulnerability to oil supply disruptions.

Similarly, market prices may not reflect the environmental damage from the use of fossil fuels or the benefits of energy produced from clean and renewable energy sources. Individuals and businesses may not invest in energy-saving and alternative energy technologies at a level that reflects the benefits the technologies provide to society in excess of their private returns. If a new technology reduces pollution or emissions of greenhouse gases, those "external benefits" should be included in the decision about whether to undertake the investment. But potential investors have an incentive to consider only the private benefits in making decisions. Thus, they avoid technologies that are not profitable even though their total benefits to society exceed their costs. Tax incentives can offset the failure of market prices to signal the desirable level of investment in energy-saving and alternative energy technologies because they increase the private return from the investment by reducing its after-tax cost. The increase in private return encourages additional investment in energy-saving and environmentally preferable technologies.

Beyond the fundamental issue of whether a tax incentive is justified at all, a number of other, often contradictory, considerations must be taken into account in the design of any particular incentive. For example, incentives should be appropriately targeted to induce desired activities in a cost-effective manner. Thus, incentives should be designed to minimize windfalls for investments that would have been made in the absence of an incentive. At the same time, however, incentives that are targeted too narrowly may reduce the cost of only some technologies and discourage investment in other promising approaches. This can result in economic inefficiency and will contribute to perceptions that the tax system is being used inappropriately to pick winners and losers among competing technologies.

In addition, incentives should also be designed to minimize complexity and avoid unnecessary increases in taxpayer compliance burdens and IRS administrative costs.

Increasing Domestic Oil and Gas Production

Before I turn to my discussion of the present tax treatment of oil and gas activities, I would like to provide a brief overview of this sector.

Overview

Oil is an internationally traded commodity with its domestic price set by world supply and demand. Domestic exploration and production activity is affected by the world price of crude oil. Historically, world oil prices have fluctuated substantially. From 1970 to the early 1980s, there was a fivefold increase in real oil prices. World oil prices fell sharply in 1986 and were relatively more stable from 1986 through 1997. During that period, average refiner acquisition costs ranged from \$14.91 to \$23.59 in real 1992 dollars. In 1998, however, oil costs to the refiner declined to \$12.52 per barrel in nominal dollars (\$11.14 per barrel in 1992 dollars), their lowest level in 25 years in real terms. Since 1998, the decline has reversed with refiner acquisition costs (in nominal dollars) rising to \$17.51 per barrel in 1999 and \$27.69 per barrel in 2000 (the price has since dropped to \$26.05 per barrel in February 2001, the latest month for which composite figures are available). The equivalent prices in 1992 dollars are \$15.31 per barrel in 1999, \$24.28 per barrel in 2000, and \$22.03 per barrel in February 2001.

Domestic oil production has been on the decline since the mid-1980s. From 1978 to 1983 oil consumption in the United States also declined, but increasing consumption since 1983 has more than offset this decline. In 2000, domestic oil consumption was 28 percent higher than in 1970. The decline in oil production and increase in consumption have led to an increase in oil imports. Net petroleum (crude and product) imports have risen from approximately 38 percent of consumption in 1988 to 52 percent in 2000.

A similar pattern of large recent price increases and increasing dependence on imports has occurred in the natural gas market. During the second half of the 1990s, spot prices for natural gas exceeded \$4.00 per million Btu (MMBtu) in only one month (February 1996). The spot price again exceeded \$4.00 per MMBtu in May 2000, rose above \$5.00 per MMBtu in

September 2000, and exceeded \$10.00 per MMBtu for several days last winter. The current spot price is approximately \$5.00 per MMBtu.[1]

The United States has large natural gas reserves and was essentially self-sufficient in natural gas until the late 1980s. Since 1986, natural gas consumption has increased by more than 30 percent but natural gas production has increased by only 17 percent. Net imports as a share of consumption nearly quadrupled from 1986 to 2000, rising from 4.2 percent to 15.6 percent. Natural gas from Canada makes up nearly all of the imports into the United States.

Current law tax incentives for oil and gas production

The importance of maintaining a strong domestic energy industry has been long recognized and the Internal Revenue Code includes a variety of measures to stimulate domestic exploration and production. They are generally justified on the ground that they reduce vulnerability to an oil supply disruption through increases in domestic production, reserves, exploration activity, and production capacity. The tax incentives contained in present law address the drop in domestic exploratory drilling that has occurred since the mid-1950s and the continuing loss of production from mature fields and marginal properties.

Incentives for oil and gas production in the form of tax expenditures are estimated to total \$9.8 billion for fiscal years 2002 through 2006.[2] They include the nonconventional fuels (i.e., oil produced from shale and tar sands, gas produced from geopressured brine, Devonian shale, coal seams, tight formations, or biomass, and synthetic fuel produced from coal) production credit (\$2.4 billion), the enhanced oil recovery credit (\$4.4 billion), the allowance of percentage depletion for independent producers and royalty owners, including increased percentage depletion for stripper wells (\$2.3 billion), the exception from the passive loss limitation for working interests in oil and gas properties (\$100 million), and the expensing of intangible drilling and development costs (\$640 million). In addition to those tax expenditures, oil and gas activities have largely been eliminated from the alternative minimum tax. These provisions are described in detail below.

<u>Percentage depletion</u>

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[1] All price references are to the spot price at the Henry Hub and are in nominal dollars.

[2] *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2002*, U.S. Government Printing Office, Washington, DC, 2001, p. 63. These estimates are measured on an "outlay equivalent" basis. They show the amount of outlay that would be required to provide the taxpayer the same after-tax income as would be received through the tax preference. This outlay equivalent measure allows a comparison of the cost of the tax expenditure with that of a direct Federal outlay.

Certain costs incurred prior to drilling an oil- or gas-producing property are recovered through the depletion deduction. These include costs of acquiring the lease or other interest in the property, and geological and geophysical costs (in advance of actual drilling). Any taxpayer having an economic interest in a producing property may use the cost depletion method. Under this method, the basis recovery for a taxable year is proportional to the exhaustion of the property during the year. The cost depletion method does not permit cost recovery deductions that exceed the taxpayer's basis in the property or that are allowable on an accelerated basis. Thus, the deduction for cost depletion is not generally viewed as a tax incentive.

Independent producers and royalty owners (as contrasted to integrated oil companies)[3] may qualify for percentage depletion. A qualifying taxpayer determines the depletion deduction for each oil or gas property under both the percentage depletion method and the cost depletion method and deducts the larger of the two amounts. Under the percentage depletion method, generally 15 percent of the taxpayer's gross income from an oil- or gas-producing property is allowed as a deduction in each taxable year. The amount deducted may not exceed 100 percent of the net income from that property in any year (the "net-income limitation").[4] Additionally, the percentage depletion deduction for all oil and gas properties may not exceed 65 percent of the taxpayer's overall taxable income (determined before such deduction and adjusted for certain loss carrybacks and trust distributions).[5]

A taxpayer may claim percentage depletion with respect to up to 1,000 barrels of average daily production of domestic crude oil or an equivalent amount of domestic natural gas. For

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[3] An independent producer is any producer who is not a "retailer" or "refiner." A retailer is any person who directly, or through a related person, sells oil or natural gas or any product derived therefrom (1) through any retail outlet operated by the taxpayer or related person, or (2) to any person that is obligated to market or distribute such oil or natural gas (or product derived therefrom) under the name of the taxpayer or the related person, or that has the authority to occupy any retail outlet owned by the taxpayer or a related person. Bulk sales of crude oil and natural gas to commercial or industrial users, and bulk sales of aviation fuel to the Department of Defense, are not treated as retail sales for this purpose. Further, a person is not a retailer within the meaning of this provision if the combined gross receipts of that person and all related persons from the retail sale of oil, natural gas, or any product derived therefrom do not exceed $5 million for the taxable year. A refiner is any person who directly or through a related person engages in the refining of crude oil, but only if such person or related person has a refinery run in excess of 50,000 barrels per day on any day during the taxable year.

[4] By contrast, for any other mineral qualifying for the percentage depletion deduction, the deduction may not exceed 50 percent of the taxpayer's taxable income from the depletable property.

[5] Amounts disallowed as a result of this rule may be carried forward and deducted in subsequent taxable years, subject to the 65-percent-of-taxable-income limitation for those years.

producers of both oil and natural gas, this limitation applies on a combined basis. All production owned by businesses under common control and members of the same family must be aggregated; each group is then treated as one producer for application of the 1,000-barrel limitation.

Special percentage depletion provisions apply to oil and gas production from marginal properties. The statutory percentage depletion rate is increased (from the general rate of 15 percent) by one percentage point for each whole dollar that the average price of crude oil (as determined under the provisions of the nonconventional fuels production credit of section 29) for the immediately preceding calendar year is less than $20 per barrel. In no event may the rate of percentage depletion under this provision exceed 25 percent for any taxable year. The increased rate applies for the taxpayer's taxable year which immediately follows a calendar year for which the average crude oil price falls below the $20 floor. To illustrate the application of this provision, the average price of a barrel of crude oil for calendar year 1999 was $15.56; thus, the percentage depletion rate for production from marginal wells was increased by four percent (to 19 percent) for taxable years beginning in 2000. The 100-percent-of-net-income limitation has been suspended for marginal wells for taxable years beginning after December 31, 1997, and before January 1, 2002.

Marginal production is defined for this purpose as domestic crude oil or domestic natural gas which is produced during any taxable year from a property which (1) is a stripper well property for the calendar year in which the taxable year begins, or (2) is a property substantially all of the production from which during such calendar year is heavy oil (i.e., oil that has a weighted average gravity of 20 degrees API or less corrected to 60 degrees Fahrenheit). A stripper well property is any oil or gas property for which daily average production per producing oil or gas well is not more than 15 barrel equivalents in the calendar year during which the taxpayer's taxable year begins.[6] A property qualifies as a stripper well property for a calendar year only if the wells on such property were producing during that period at their maximum efficient rate of flow.

If a taxpayer's property consists of a partial interest in one or more oil- or gas-producing wells, the determination of whether the property is a stripper well property or a heavy oil property is made with respect to total production from such wells, including the portion of total production attributable to ownership interests other than the taxpayer's. If the property satisfies the requirements of a stripper well property, then each owner receives the benefits of this provision with respect to its allocable share of the production from the property for its taxable year that begins during the calendar year in which the property so qualifies.

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[6] Equivalent barrels is computed as the sum of (1) the number of barrels of crude oil produced, and (2) the number of cubic feet of natural gas produced divided by 6,000. If a well produced 10 barrels of crude oil and 12,000 cubic feet of natural gas, its equivalent barrels produced would equal 12 (i.e., 10 + (12,000 / 6,000)).

The allowance for percentage depletion on production from marginal oil and gas properties is subject to the 1,000-barrel-per-day limitation discussed above. Unless a taxpayer elects otherwise, marginal production is given priority over other production for purposes of utilization of that limitation.

Because percentage depletion, unlike cost depletion, is computed without regard to the taxpayer's basis in the depletable property, cumulative depletion deductions may be far greater than the amount expended by the taxpayer to acquire or develop the property. The excess of the percentage depletion deduction over the deduction for cost depletion is generally viewed as a tax expenditure.

Intangible drilling and development costs

In general, costs that benefit future periods must be capitalized and recovered over such periods for income tax purposes, rather than being expensed in the period the costs are incurred. In addition, the uniform capitalization rules require certain direct and indirect costs allocable to property to be included in inventory or capitalized as part of the basis of such property. In general, the uniform capitalization rules apply to real and tangible personal property produced by the taxpayer or acquired for resale.

Special rules apply to intangible drilling and development costs ("IDCs").[7] Under these special rules, an operator (i.e., a person who holds a working or operating interest in any tract or parcel of land either as a fee owner or under a lease or any other form of contract granting working or operating rights) who pays or incurs IDCs in the development of an oil or gas property located in the United States may elect either to expense or capitalize those costs. The uniform capitalization rules do not apply to otherwise deductible IDCs.

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[7] IDCs include all expenditures made by an operator for wages, fuel, repairs, hauling, supplies, etc., incident to and necessary for the drilling of wells and the preparation of wells for the production of oil and gas. In addition, IDCs include the cost to operators of any drilling or development work (excluding amounts payable only out of production or gross or net proceeds from production, if the amounts are depletable income to the recipient, and amounts properly allocable to the cost of depreciable property) done by contractors under any form of contract (including a turnkey contract). Such work includes labor, fuel, repairs, hauling, and supplies which are used in the drilling, shooting, and cleaning of wells; in such clearing of ground, draining, road making, surveying, and geological works as are necessary in preparation for the drilling of wells; and in the construction of such derricks, tanks, pipelines, and other physical structures as are necessary for the drilling of wells and the preparation of wells for the production of oil and gas. Generally, IDCs do not include expenses for items which have a salvage value (such as pipes and casings) or items which are part of the acquisition price of an interest in the property.

If a taxpayer elects to expense IDCs, the amount of the IDCs is deductible as an expense in the taxable year the cost is paid or incurred. Generally, IDCs that a taxpayer elects to capitalize may be recovered through depletion or depreciation, as appropriate; or in the case of a nonproductive well ("dry hole"), the operator may elect to deduct the costs. In the case of an integrated oil company (i.e., a company that engages, either directly or through a related enterprise, in substantial retailing or refining activities) that has elected to expense IDCs, 30 percent of the IDCs on productive wells must be capitalized and amortized over a 60-month period.[8]

A taxpayer that has elected to deduct IDCs may, nevertheless, elect to capitalize and amortize certain IDCs over a 60-month period beginning with the month the expenditure was paid or incurred. This rule applies on an expenditure-by-expenditure basis; that is, for any particular taxable year, a taxpayer may deduct some portion of its IDCs and capitalize the rest under this provision. This allows the taxpayer to reduce or eliminate IDC adjustments or preferences under the alternative minimum tax.

The election to deduct IDCs applies only to those IDCs associated with domestic properties.[9] For this purpose, the United States includes certain wells drilled offshore.[10]

Intangible drilling costs are a major portion of the costs necessary to locate and develop oil and gas reserves. Because the benefits obtained from these expenditures are of value throughout the life of the project, these costs would be capitalized and recovered over the period of production under generally applicable accounting principles. The acceleration of the deduction for IDCs is viewed as a tax expenditure.

Nonconventional fuels production credit

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[8] The IRS has ruled that if an integrated oil company ceases to be an integrated oil company, it may not immediately write off the unamortized portion of the IDCs capitalized under this rule, but instead must continue to amortize those IDCs over the 60-month amortization period.

[9] In the case of IDCs paid or incurred with respect to an oil or gas well located outside of the United States, the costs, at the election of the taxpayer, are either (1) included in adjusted basis for purposes of computing the amount of any deduction allowable for cost depletion or (2) capitalized and amortized ratably over a 10-year period beginning with the taxable year such costs were paid or incurred.

[10] The term "United States" for this purpose includes the seabed and subsoil of those submerged lands that are adjacent to the territorial waters of the United States and over which the United States has exclusive rights, in accordance with international law, with respect to the exploration and exploitation of natural resources (i.e., the Continental Shelf area).

Taxpayers that produce certain qualifying fuels from nonconventional sources are eligible for a tax credit ("the section 29 credit") equal to $3 per barrel or barrel-of-oil equivalent.[11] Fuels qualifying for the credit must be produced domestically from a well drilled, or a facility treated as placed in service before January 1, 1993.[12] The section 29 credit generally is available for qualified fuels sold to unrelated persons before January 1, 2003.[13]

For purposes of the credit, qualified fuels include: (1) oil produced from shale and tar sands; (2) gas produced from geopressured brine, Devonian shale, coal seams, a tight formation, or biomass (i.e., any organic material other than oil, natural gas, or coal (or any product thereof); and (3) liquid, gaseous, or solid synthetic fuels produced from coal (including lignite), including such fuels when used as feedstocks. The amount of the credit is determined without regard to any production attributable to a property from which gas from Devonian shale, coal seams, geopressured brine, or a tight formation was produced in marketable quantities before 1980.

The amount of the section 29 credit generally is adjusted by an inflation adjustment factor for the calendar year in which the sale occurs.[14] There is no adjustment for inflation in the case of the credit for sales of natural gas produced from a tight formation. The credit begins to phase out if the annual average unregulated wellhead price per barrel of domestic crude oil exceeds $23.50 multiplied by the inflation adjustment factor.[15]

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[11] A barrel-of-oil equivalent generally means that amount of the qualifying fuel which has a Btu (British thermal unit) content of 5.8 million.

[12] A facility that produces gas from biomass or produces liquid, gaseous, or solid synthetic fuels from coal (including lignite) generally will be treated as being placed in service before January 1, 1993, if it is placed in service by the taxpayer before July 1, 1998, pursuant to a written binding contract in effect before January 1, 1997. In the case of a facility that produces coke or coke gas, however, this provision applies only if the original use of the facility commences with the taxpayer. Also, the IRS has ruled that production from certain post-1992 "recompletions" of wells that were originally drilled prior to the expiration date of the credit would qualify for the section 29 credit.

[13] If a facility that qualifies for the binding contract rule is originally placed in service after December 31, 1992, production from the facility may qualify for the credit if sold to an unrelated person before January 1, 2008.

[14] The inflation adjustment factor for the 2000 taxable year was 2.0454. Therefore, the inflation-adjusted amount of the credit for that year was $6.14 per barrel or barrel equivalent.

[15] For 2000, the inflation adjusted threshold for onset of the phaseout was $48.07 ($23.50 x 2.0454) and the average wellhead price for that year was $26.73.

The amount of the section 29 credit allowable with respect to a project is reduced by any unrecaptured business energy tax credit or enhanced oil recovery credit claimed with respect to such project.

As with most other credits, the section 29 credit may not be used to offset alternative minimum tax liability. Any unused section 29 credit generally may not be carried back or forward to another taxable year; however, a taxpayer receives a credit for prior year minimum tax liability to the extent that a section 29 credit is disallowed as a result of the operation of the alternative minimum tax. The credit is limited to what would have been the regular tax liability but for the alternative minimum tax.

The provision provides a significant tax incentive (currently about $6 per barrel of oil equivalent or $1 per thousand cubic feet of natural gas). Coalbed methane and gas from tight formations currently account for most of the credit.

Enhanced oil recovery credit

Taxpayers are permitted to claim a general business credit, which consists of several different components. One component of the general business credit is the enhanced oil recovery credit. The general business credit for a taxable year may not exceed the excess (if any) of the taxpayer's net income tax over the greater of (1) the tentative minimum tax, or (2) 25 percent of so much of the taxpayer's net regular tax liability as exceeds $25,000. Any unused general business credit generally may be carried back one taxable year and carried forward 20 taxable years.

The enhanced oil recovery credit for a taxable year is equal to 15 percent of certain costs attributable to qualified enhanced oil recovery ("EOR") projects undertaken by the taxpayer in the United States during the taxable year. To the extent that a credit is allowed for such costs, the taxpayer must reduce the amount otherwise deductible or required to be capitalized and recovered through depreciation, depletion, or amortization, as appropriate, with respect to the costs. A taxpayer may elect not to have the enhanced oil recovery credit apply for a taxable year.

The amount of the enhanced oil recovery credit is reduced in a taxable year following a calendar year during which the annual average unregulated wellhead price per barrel of domestic crude oil exceeds $28 (adjusted for inflation since 1990).[16] In such a case, the credit would be reduced ratably over a $6 phaseout range.

For purposes of the credit, qualified enhanced oil recovery costs include the following costs which are paid or incurred with respect to a qualified EOR project: (1) the cost of tangible property which is an integral part of the project and with respect to which depreciation or

[16] The average per-barrel price of crude oil for this purpose is determined in the same manner as for purposes of the section 29 credit.

amortization is allowable; (2) IDCs that the taxpayer may elect to deduct;[17] and (3) the cost of tertiary injectants with respect to which a deduction is allowable, whether or not chargeable to capital account.

A qualified EOR project means any project that is located within the United States and involves the application (in accordance with sound engineering principles) of one or more qualifying tertiary recovery methods which can reasonably be expected to result in more than an insignificant increase in the amount of crude oil which ultimately will be recovered. The qualifying tertiary recovery methods generally include the following nine methods: miscible fluid displacement, steam-drive injection, microemulsion flooding, in situ combustion, polymer-augmented water flooding, cyclic-steam injection, alkaline flooding, carbonated water flooding, and immiscible non-hydrocarbon gas displacement, or any other method approved by the IRS. In addition, for purposes of the enhanced oil recovery credit, immiscible non-hydrocarbon gas displacement generally is considered a qualifying tertiary recovery method, even if the gas injected is not carbon dioxide.

A project is not considered a qualified EOR project unless the project's operator submits to the IRS a certification from a petroleum engineer that the project meets the requirements set forth in the preceding paragraph.

The enhanced oil recovery credit is effective for taxable years beginning after December 31, 1990, with respect to costs paid or incurred in EOR projects begun or significantly expanded after that date.

Conventional oil recovery methods do not recover all of a well's oil. Some of the remaining oil can be extracted by unconventional methods, but these methods are generally more costly. At current world oil prices, a large part of the remaining oil in place is uneconomic to recover by unconventional methods. In this environment, the EOR credit can increase recoverable reserves. Although recovering oil using EOR methods is more expensive than recovering it using conventional methods, it may be less expensive than producing oil from new reservoirs. Although the credit could phase out at higher oil prices, it is fully effective at present world oil prices.

Alternative minimum tax

A taxpayer is subject to an alternative minimum tax ("AMT") to the extent that its tentative minimum tax exceeds its regular income tax liability. A corporate taxpayer's tentative minimum tax generally equals 20 percent of its alternative minimum taxable income in excess of an exemption amount. (The marginal AMT rate for a noncorporate taxpayer is 26 or 28 percent, depending on the amount of its alternative minimum taxable income above an exemption amount.)

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[17] In the case of an integrated oil company, the credit base includes those IDCs which the taxpayer is required to capitalize.

Alternative minimum taxable income ("AMTI") is the taxpayer's taxable income increased by certain tax preferences and adjusted by determining the tax treatment of certain items in a manner which negates the deferral of income resulting from the regular tax treatment of those items.

As a general rule, percentage depletion deductions claimed in excess of the basis of the depletable property constitute an item of tax preference in determining the AMT. In addition, the AMTI of a corporation is increased by an amount equal to 75 percent of the amount by which adjusted current earnings ("ACE") of the corporation exceed AMTI (as determined before this adjustment). In general, ACE means AMTI with additional adjustments that generally follow the rules presently applicable to corporations in computing their earnings and profits. As a general rule a corporation must use the cost depletion method in computing its ACE adjustment. Thus, the difference between a corporation's percentage depletion deduction (if any) claimed for regular tax purposes and its allowable deduction determined under the cost depletion method is factored into its overall ACE adjustment.

Excess percentage depletion deductions related to crude oil and natural gas production are not items of tax preference for AMT purposes. In addition, corporations that are independent oil and gas producers and royalty owners may determine depletion deductions using the percentage depletion method in computing their ACE adjustments.

The difference between the amount of a taxpayer's IDC deductions and the amount which would have been currently deductible had IDC's been capitalized and recovered over a 10-year period may constitute an item of tax preference for the AMT to the extent that this amount exceeds 65 percent of the taxpayer's net income from oil and gas properties for the taxable year (the "excess IDC preference"). In addition, for purposes of computing a corporation's ACE adjustment to the AMT, IDCs are capitalized and amortized over the 60-month period beginning with the month in which they are paid or incurred. The preference does not apply if the taxpayer elects to capitalize and amortize IDCs over a 60-month period for regular tax purposes.

IDC's related to oil and gas wells are generally not taken into account in computing the excess IDC preference of taxpayers that are not integrated oil companies. This treatment does not apply, however, to the extent it would reduce the amount of the taxpayer's AMTI by more than 40 percent of the amount that the taxpayer's AMTI would have been if those IDCs had been taken into account.

In addition, for corporations other than integrated oil companies, there is no ACE adjustment for IDCs with respect to oil and gas wells. That is, such a taxpayer is permitted to use its regular tax method of writing off those IDCs for purposes of computing its adjusted current earnings.

Absent these rules, the incentive effect of the special provisions for oil and gas would be reduced for firms subject to the AMT. These rules, however, effectively eliminate AMT concerns for independent producers.

Passive activity loss and credit rules

A taxpayer's deductions from passive trade or business activities, to the extent they exceed income from all such passive activities of the taxpayer (exclusive of portfolio income), generally may not be deducted against other income.[18] Thus, for example, an individual taxpayer may not deduct losses from a passive activity against income from wages. Losses suspended under this "passive activity loss" limitation are carried forward and treated as deductions from passive activities in the following year, and thus may offset any income from passive activities generated in that later year. Losses from a passive activity may be deducted in full when the taxpayer disposes of its entire interest in that activity to an unrelated party in a transaction in which all realized gain or loss is recognized.

An activity generally is treated as passive if the taxpayer does not materially participate in it. A taxpayer is treated as materially participating in an activity only if the taxpayer is involved in the operations of the activity on a basis which is regular, continuous, and substantial.

A working interest in an oil or gas property generally is not treated as a passive activity, whether or not the taxpayer materially participates in the activities related to that property. This exception from the passive activity rules does not apply if the taxpayer holds the working interest through an entity which limits the liability of the taxpayer with respect to the interest. In addition, if a taxpayer has any loss for any taxable year from a working interest in an oil or gas property which is treated pursuant to this working interest exception as a loss which is not from a passive activity, then any net income from such property (or any property the basis of which is determined in whole or in part by reference to the basis of such property) for any succeeding taxable year is treated as income of the taxpayer which is not from a passive activity.

Similar limitations apply to the utilization of tax credits attributable to passive activities. Thus, for example, the passive activity rules (and, consequently, the oil and gas working interest exception to those rules) apply to the nonconventional fuels production credit and the enhanced oil recovery credit. However, if a taxpayer has net income from a working interest in an oil and gas property which is treated as not arising from a passive activity, then any tax credits attributable to the interest in that property would be treated as credits not from a passive activity (and, thus, not subject to the passive activity credit limitation) to the extent that the amount of the credits does not exceed the regular tax liability which is allocable to such net income.

As a result of this exception from the passive loss limitations, owners of working interests in oil and gas properties may use losses from such interests to offset income from other sources.

Tertiary injectants

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[18] This provision applies to individuals, estates, trusts, personal service corporations, and closely held C corporations.

Taxpayers are allowed to deduct the cost of qualified tertiary injectant expenses for the taxable year. Qualified tertiary injectant expenses are amounts paid or incurred for any tertiary injectant (other than recoverable hydrocarbon injectants) which is used as a part of a tertiary recovery method.

The provision allowing the deduction for qualified tertiary injectant expenses resolves a disagreement between taxpayers (who considered such costs to be IDCs or operating expenses) and the IRS (which considered such costs to be subject to capitalization).

Energy Efficiency and Alternative Energy Sources

Incentives for energy efficiency and alternative energy sources are also essential elements of national energy policy. The continuing strength of our economy over the past two years, despite oil price rises, underscores the dramatic improvements in energy efficiency we have achieved over the past quarter century, as well as the changing economy. While past oil shortages have taken a significant toll on the U.S. economy, the recent increases in oil prices have not affected the economy much. Increased energy efficiency in cars, homes, and manufacturing has helped insulate the economy from these short-term market fluctuations. In 1974, we consumed 15 barrels of oil for every $10,000 of gross domestic product. Today we consume only 8 barrels of oil for the same amount (in constant dollars) of economic output.

Current law tax incentives for energy efficiency and alternative fuels

Tax incentives currently provide an important element of support for energy-efficiency improvements and increased use of renewable and alternative fuels. Current incentives in the form of tax expenditures are estimated to total $1.2 billion for fiscal years 2002 through 2006. They include a tax credit for electric vehicles and expensing for clean-fuel vehicles ($20 million), a tax credit for the production of electricity from wind or biomass and a tax credit for certain solar energy property ($590 million), and an exclusion from gross income for certain energy conservation subsidies provided by public utilities to their customers ($580 million).[19]

Electric and clean-fuel vehicles and clean-fuel vehicle refueling property

A 10-percent tax credit is provided for the cost of a qualified electric vehicle, up to a maximum credit of $4,000. A qualified electric vehicle is a motor vehicle that is powered primarily by an electric motor drawing current from rechargeable batteries, fuel cells, or other portable sources of electric current, the original use of which commences with the taxpayer, and that is acquired for use by the taxpayer and not for resale. The full amount of the credit is available for purchases prior to 2002. The credit begins to phase down in 2002 and does not apply to vehicles placed in service after 2004.

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[19] *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2002*, U.S. Government Printing Office, Washington, DC, 2001, p. 63.

Certain costs of qualified clean-fuel vehicles and clean-fuel vehicle refueling property may be deducted when such property is placed in service. Qualified electric vehicles do not qualify for the clean-fuel vehicle deduction. The deduction begins to phase down in 2002 and does not apply to property placed in service after 2004.

Energy from wind or biomass

A 1.5-cent-per-kilowatt-hour tax credit is provided for electricity produced from wind, "closed-loop" biomass (organic material from a plant that is planted exclusively for purposes of being used at a qualified facility to produce electricity), and poultry waste. The electricity must be sold to an unrelated person and the credit is limited to the first 10 years of production. The credit applies only to facilities placed in service before January 1, 2002. The credit amount is indexed for inflation after 1992.

Solar energy

A 10-percent investment tax credit is provided to businesses for qualifying equipment that uses solar energy to generate electricity, to heat or cool or provide hot water for use in a structure, or to provide solar process heat.

Energy conservation subsidies

Subsidies provided by public utilities to their customers for the purchase or installation of energy conservation measures are excluded from the customers' gross income. An energy conservation measure is any installation or modification primarily designed to reduce consumption of electricity or natural gas or to improve the management of energy demand with respect to a dwelling unit.

Administration proposals

The Administration's budget proposals for fiscal year 2002 include tax incentives for renewable energy resources. The budget also contains proposals to modify the tax treatment of nuclear decommissioning funds related to electricity production and to extend the suspension of the net income limitation applicable to certain oil and gas production. The Administration's proposals are described below.[20]

Electricity from wind and biomass

The Administration proposes to extend the credit for electricity produced from wind and biomass for three years to facilities placed in service before January 1, 2005. In addition, eligible

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[20] For a more detailed description, see *General Explanations of the Administration's Fiscal Year 2002 Tax Relief Proposals*, Department of the Treasury, April 2001.

biomass sources would be expanded to include certain biomass from forest-related resources, agricultural sources, and other specified sources. Special rules would apply to biomass facilities placed in service before January 1, 2002. Electricity produced at such facilities from newly eligible sources would be eligible for the credit only from January 1, 2002, through December 31, 2004. The credit for such electricity would be computed at a rate equal to 60 percent of the generally applicable rate. Electricity produced from newly eligible biomass co-fired in coal plants would also be eligible for the credit only from January 1, 2002, through December 31, 2004. The credit for such electricity would be computed at a rate equal to 30 percent of the generally applicable rate.

Residential solar energy systems

The Administration proposes a new tax credit for individuals that purchase solar energy equipment used to generate electricity (photovoltaic equipment) or heat water (solar water heating equipment) for use in a dwelling unit that the individual uses as a residence. The credit would be available only for equipment used exclusively for purposes other than heating swimming pools. The proposed credit would be equal to 15 percent of the cost of the equipment and its installation. The credit would be nonrefundable and an individual would be allowed a lifetime maximum credit of $2,000 per residence for photovoltaic equipment and $2,000 per residence for solar water heating equipment. The credit would apply only to solar water heating equipment placed in service after December 31, 2001, and before January 1, 2006, and to photovoltaic systems placed in service after December 31, 2001, and before January 1, 2008.

Nuclear decommissioning funds

The Administration proposes to repeal the current law provision that limits deductible contributions to a nuclear decommissioning fund to the amount included in the taxpayer's cost of service for ratemaking purposes. Thus, unregulated taxpayers would be allowed a deduction for amounts contributed to a qualified nuclear decommissioning fund. The Administration also proposes to permit funding of all decommissioning costs (including pre-1984 costs) through qualified nuclear decommissioning funds. Contributions to fund pre-1984 costs would be deductible except to the extent a deduction (other than under the qualified fund rules) or an exclusion from income has been previously allowed with respect to those costs. The Administration's proposal would clarify that any transfer of a qualified nuclear decommissioning fund in connection with the transfer of the power plant with which it is associated would be nontaxable and no gain or loss will be recognized by the transferor or transferee as a result of the transfer. In addition, the proposal would permit taxpayers to make deductible contributions to a qualified fund after the end of the nuclear power plant's estimated useful life and would provide that nuclear decommissioning costs are deductible when paid.

Net income limitation on percentage depletion from marginal wells

The Administration proposes a one-year extension of the provision suspending the 100-percent-of-net-income limitation for marginal oil and gas wells. Under the Administration proposal, marginal wells would continue to be exempt from the limitation during taxable years beginning in 2002.

Mr. Chairman, this concludes my prepared testimony. I will be pleased to answer any questions you or other members of the Subcommittee may have.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
May 3, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $19,000 million to refund $22,713 million of publicly held securities maturing May 10, 2001, and to pay down about $3,713 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $11,312 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,058 million into the 13-week bill and $1,125 million into the 26-week bill.

The allocation percentage applied to bids awarded at the highest discount rate will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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Attachment

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HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS TO BE ISSUED MAY 10, 2001

May 3, 2001

Offering Amount	$10,000 million	$9,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 HG 9	912795 GT 2
Auction date	May 7, 2001	May 7, 2001
Issue date	May 10, 2001	May 10, 2001
Maturity date	August 9, 2001	November 8, 2001
Original issue date	February 8, 2001	May 10, 2001
Currently outstanding	$15,000 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award.............................. 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

For Immediate Release
May 4, 2001

Contacts: Rob Nichols/Tara Bradshaw
(202) 622-2960

MEDIA ADVISORY:

TREASURY SECRETARY MEETS WITH SMALL BUSINESS OWNERS

President Bush Proclaims May 6-12 to be Small Business Week

WASHINGTON, DC -- Treasury Secretary Paul O'Neill will kick off *Small Business Week* at a roundtable meeting with two dozen small business men and women , and Jack Faris, President and CEO of the National Federation of Independent Business, on Monday, May 7th, at 10:00 am in room 3327 of the Treasury Department.

During the meeting, Secretary O'Neill will release new data on how small business owners and entrepreneurs will benefit from the President's tax relief.

Media without Treasury or White House press credentials planning to attend should contact Treasury's Office of Public Affairs at (202) 622-2960 with the following information: name, social security number and date of birth. This information may also be faxed to (202) 622-1999.

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PO-354

PUBLIC DEBT NEWS

)epartment of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM
May 4, 2001

Contact: Peter Hollenbach
(202) 691-3502

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR APRIL 2001

The Bureau of the Public Debt announced activity for the month of April 2001, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$2,136,334,534
Held in Unstripped Form	$1,956,775,004
Held in Stripped Form	$179,559,530
Reconstituted in April	$19,442,405

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table V of the Monthly Statement of The Public Debt, entitled "Holdings of Treasury Securities in Stripped Form."

The Strips Table along with the new Monthly Statement of The Public Debt is available on Public Debt's Internet site at: **www.publicdebt.treas.gov**. A wide range of information about the public debt and Treasury securities is also available at the site.

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TABLE V - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, APRIL 30, 2001

Loan Description			Corpus STRIP CUSIP	Maturity Date	Amount Outstanding in Thousands			Reconstituted This Month [18]
					Total Outstanding	Portion Held in Unstripped Form	Portion Held in Stripped Form	
Treasury Bonds:								
CUSIP:		Interest Rate:						
912810 DM7		11-5/8	912803 AB9	11/15/04	8,301,806	4,751,406	3,550,400	316,800
DQ8		12	AD5	05/15/05	4,260,758	1,902,708	2,358,050	77,400
DR6		10-3/4	AG8	08/15/05	9,269,713	5,868,913	3,400,800	734,400
DU9		9-3/8	AJ2	02/15/06	4,755,916	4,626,380	129,536	121,288
DN5		11-3/4	912800 AA7	11/15/14	6,005,584	1,953,584	4,052,000	20,800
DP0		11-1/4	912803 AA1	02/15/15	11,325,799	6,001,324	5,324,475	811,200
DS4		10-5/8	AC7	08/15/15	5,060,916	3,200,116	1,860,800	196,160
DT2		9-7/8	AE3	11/15/15	5,856,859	3,079,684	2,777,175	288,425
DV7		9-1/4	AF0	02/15/16	5,886,754	5,568,919	317,835	186,400
DW5		7-1/4	AH6	05/15/16	18,823,551	18,665,351	158,200	225,600
DX3		7-1/2	AK9	11/15/16	18,824,448	17,427,648	1,396,800	122,400
DY1		8-3/4	AL7	05/15/17	16,286,669	9,005,629	7,281,040	1,085,660
DZ8		8-7/8	AM5	08/15/17	12,339,358	9,953,758	2,385,600	523,600
EA2		9-1/8	AN3	05/15/18	7,072,439	3,023,639	4,048,800	229,600
EB0		9	AP8	11/15/18	7,614,470	3,450,870	4,163,600	338,800
EC8		8-7/8	AQ6	02/15/19	15,306,798	10,231,298	5,075,500	1,008,000
ED6		8-1/8	AR4	08/15/19	19,280,932	18,062,692	1,218,240	203,840
EE4		8-1/2	AS2	02/15/20	9,888,268	7,950,658	1,937,610	200,000
EF1		8-3/4	AT0	05/15/20	8,197,183	3,550,943	4,646,240	623,520
EG9		8-3/4	AU7	08/15/20	18,166,306	9,012,786	9,153,520	878,880
EH7		7-7/8	AV5	02/15/21	10,247,573	9,465,173	782,400	216,000
EJ3		8-1/8	AW3	05/15/21	10,473,788	5,824,508	4,649,280	186,720
EK0		8-1/8	AX1	08/15/21	10,173,482	8,999,642	1,173,840	351,040
EL8		8	AY9	11/15/21	31,177,194	12,607,404	18,569,790	2,433,450
EM6		7-1/4	AZ6	08/15/22	10,237,790	9,542,991	694,799	331,200
EN4		7-5/8	BA0	11/15/22	8,313,626	4,138,976	4,174,650	837,200
EP9		7-1/8	BB8	02/15/23	16,979,061	9,986,261	6,992,800	588,800
EQ7		6-1/4	BC6	08/15/23	22,659,044	19,008,868	3,650,176	250,592
ES3		7-1/2	BD4	11/15/24	9,864,162	3,708,482	6,155,680	301,360
ET1		7-5/8	BE2	02/15/25	10,869,170	3,767,509	7,101,661	524,000
EV6		6-7/8	BF9	08/15/25	11,715,207	7,576,007	4,139,200	389,760
EW4		6	BG7	02/15/26	12,837,916	11,382,916	1,455,000	351,000
EX2		6-3/4	BH5	08/15/26	10,303,418	8,108,218	2,195,200	589,600
EY0		6-1/2	BJ1	11/15/26	11,298,177	6,854,277	4,443,900	773,600
EZ7		6-5/8	BK8	02/15/27	10,210,971	6,777,371	3,433,600	574,400
FA1		6-3/8	BL6	08/15/27	10,195,756	8,861,356	1,334,400	272,000
FB9		6-1/8	BM4	11/15/27	22,326,339	14,811,139	7,515,200	1,003,200
FE3		5-1/2	BP7	08/15/28	11,776,201	11,257,001	519,200	24,400
FF0		5-1/4	BV4	11/15/28	10,947,052	10,564,352	382,700	106,400
FG8		5-1/4	BW2	02/15/29	11,350,341	10,999,941	350,400	800
FJ2		6-1/8	CG6	08/15/29	11,178,580	11,072,380	106,200	0
FM5		6-1/4	CH4	05/15/30	17,043,162	16,999,546	43,616	0
FP8		5-3/8	CK7	02/15/31	10,886,993	10,886,993	0	0
Total Treasury Bonds					515,589,530	370,489,617	145,099,913	18,298,295
Treasury Inflation-Indexed Notes:								
CUSIP:	Series:	Interest Rate:						
912827 3A8	J	3-5/8	912820 BZ9	07/15/02	18,457,721	18,457,721	0	0
2M3	A	3-3/8	BV8	01/15/07	17,482,681	17,482,681	0	0
3T7	A	3-5/8	CL9	01/15/08	18,291,471	18,182,668	108,803	0
4Y5	A	3-7/8	DN4	01/15/09	17,044,348	17,044,348	0	0
5W8	A	4-1/4	EK9	01/15/10	11,827,803	11,827,803	0	0
6R8	A	3-1/2	GA9	01/15/11	6,060,806	6,060,806	0	0
Total Inflation-Indexed Notes					89,164,829	89,056,026	108,803	0
Treasury Inflation-Indexed Bonds:								
CUSIP:		Interest Rate:						
912810 FD5		3-5/8	912803 BN2	04/15/28	18,267,286	18,267,286	0	0
FH6		3-7/8	CF8	04/15/29	21,087,662	20,980,738	106,924	0
Total Inflation-Indexed Bonds					39,354,948	39,248,024	106,924	0

Loan Description			Corpus STRIP CUSIP	Maturity Date	Amount Outstanding in Thousands: Total Outstanding	Portion Held in Unstripped Form	Portion Held in Stripped Form	Reconstituted This Month [18]
Treasury Notes:								
CUSIP:	Series:	Interest Rate:						
912827 A85	B	8	912820 BA4	05/15/01	12,398,083	7,003,483	5,394,600	38,550
4E9	T	5-5/8	CX3	05/15/01	12,873,752	12,873,752	0	0
Y22	J	6-1/2	FD4	05/31/01	13,721,702	13,715,702	6,000	0
5H1	Y	5-1/4	DW4	05/31/01	19,885,985	19,785,985	100,000	0
Y48	K	6-5/8	FE2	06/30/01	14,282,240	14,282,240	0	0
5J7	Z	5-3/4	DX2	06/30/01	19,001,309	18,995,709	5,600	0
Y71	L	6-5/8	FF9	07/31/01	14,136,833	14,136,833	0	0
5L2	AB	5-1/2	DY0	07/31/01	20,541,318	20,083,318	458,000	0
B92	C	7-7/8	BB2	08/15/01	12,339,185	7,358,985	4,980,200	77,200
Z39	M	6-1/2	FG7	08/31/01	14,000,224	13,986,624	13,600	0
5P3	AC	5-1/2	EB9	08/31/01	20,118,595	20,118,595	0	0
Z54	N	6-3/8	FH5	09/30/01	14,518,514	14,480,114	38,400	0
5Q1	AD	5-5/8	EC7	09/30/01	18,797,828	18,297,028	500,800	0
Z88	P	6-1/4	FJ1	10/31/01	14,639,843	14,639,843	0	0
5R9	AE	5-7/8	ED5	10/31/01	19,196,002	19,194,402	1,600	0
D25	D	7-1/2	BC0	11/15/01	24,226,102	19,439,222	4,786,880	293,200
2C5	Q	5-7/8	EG8	11/30/01	33,504,627	33,499,827	4,800	0
2E1	R	6-1/8	EJ2	12/31/01	31,166,321	31,083,121	83,200	0
2G6	C	6-1/4	FK8	01/31/02	13,453,346	13,398,338	55,008	0
5X6	R	6-3/8	EL7	01/31/02	19,381,251	19,381,251	0	0
2L5	D	6-1/4	FL6	02/28/02	13,799,902	13,799,902	0	0
6A5	S	6-1/2	EN3	02/28/02	16,563,375	16,531,775	31,600	0
2P6	E	6-5/8	FM4	03/31/02	14,301,310	14,278,910	22,400	0
6B3	T	6-1/2	EP8	03/31/02	17,237,943	17,235,543	2,400	0
2S0	F	6-5/8	FN2	04/30/02	14,474,673	14,474,673	0	0
6C1	U	6-3/8	EQ6	04/30/02	17,390,900	17,390,900	0	0
F49	A	7-1/2	BD8	05/15/02	11,714,397	7,813,437	3,900,960	57,520
2W1	G	6-1/2	FP7	05/31/02	13,503,890	13,503,890	0	0
6E7	V	6-5/8	ES2	05/31/02	14,871,823	14,849,423	22,400	0
2Y7	H	6-1/4	FQ5	06/30/02	13,058,694	13,058,694	0	0
6F4	W	6-3/8	ET0	06/30/02	14,320,609	14,318,609	2,000	0
3C4	K	6	FR3	07/31/02	12,231,057	12,231,057	0	0
6H0	X	6-1/4	EU7	07/31/02	15,057,900	15,057,900	0	0
G55	B	6-3/8	BE6	08/15/02	23,859,015	20,014,273	3,844,742	112,000
3G5	L	6-1/4	FS1	08/31/02	12,731,742	12,731,742	0	0
6K3	Y	6-1/8	FU6	08/31/02	15,072,214	15,072,214	0	0
3J9	M	5-7/8	CC9	09/30/02	12,806,814	12,768,414	38,400	0
6L1	Z	6	FV4	09/30/02	15,144,335	15,144,335	0	0
3L4	N	5-3/4	CE5	10/31/02	26,593,892	26,534,692	59,200	0
3Q3	P	5-3/4	CH8	11/30/02	12,120,580	11,831,780	288,800	0
6P2	AC	5-5/8	FY8	11/30/02	15,058,528	14,990,688	67,840	0
3S9	Q	5-5/8	CK1	12/31/02	12,052,433	11,667,793	384,640	0
6Q0	AD	5-1/8	FZ5	12/31/02	14,822,027	14,822,027	0	0
3V2	C	5-1/2	CN5	01/31/03	13,100,640	13,100,640	0	0
6S6	L	4-3/4	GB7	01/31/03	15,452,604	15,452,604	0	0
J78	A	6-1/4	BF3	02/15/03	23,562,691	22,376,195	1,186,496	0
3Z3	D	5-1/2	CS4	02/28/03	13,670,354	13,626,354	44,000	0
6U1	M	4-5/8	GD3	02/28/03	14,685,095	14,685,095	0	0
4B5	E	5-1/2	CU9	03/31/03	14,172,892	14,172,092	800	0
6V9	N	4-1/4	GE1	03/31/03	14,674,853	14,674,853	0	0 x
4D1	F	5-3/4	CW5	04/30/03	12,573,248	12,573,248	0	0
6W7	P	4	GF8	04/30/03	13,340,169	13,340,169	0	0 x
4H2	G	5-1/2	DA2	05/31/03	13,132,243	13,103,843	28,400	0
4K5	H	5-3/8	DC8	06/30/03	13,126,779	13,125,179	1,600	0
L83	B	5-3/4	BG1	08/15/03	28,011,028	26,663,828	1,347,200	33,600
4N9	J	5-1/4	DE4	08/15/03	19,852,263	19,680,263	172,000	36,800
4U3	K	4-1/4	DJ3	11/15/03	18,625,785	18,235,385	390,400	0
N81	A	5-7/8	BH9	02/15/04	12,955,077	12,432,277	522,800	6,400
5A6	E	4-3/4	DQ7	02/15/04	17,823,228	17,823,228	0	0
P89	B	7-1/4	BJ5	05/15/04	14,440,372	13,835,572	604,800	16,000
5F5	F	5-1/4	DU8	05/15/04	18,925,383	18,925,383	0	0
Q88	C	7-1/4	BK2	08/15/04	13,346,467	11,880,067	1,466,400	225,600
5M0	G	6	DZ7	08/15/04	18,089,806	18,089,806	0	0
R87	D	7-7/8	BL0	11/15/04	14,373,760	14,368,960	4,800	0
5S7	H	5-7/8	EE3	11/15/04	32,658,145	32,658,145	0	0
S86	A	7-1/2	BM8	02/15/05	13,834,754	13,210,754	624,000	47,840
T85	B	6-1/2	BN6	05/15/05	14,739,504	14,739,104	400	37,000
6D9	E	6-3/4	ER4	05/15/05	28,562,370	28,562,370	0	0
U83	C	6-1/2	BP1	08/15/05	15,002,580	15,002,580	0	0
V82	D	5-7/8	BQ9	11/15/05	15,209,920	14,800,320	409,600	92,800
6N7	F	5-3/4	FX0	11/15/05	28,062,797	28,062,797	0	0
W81	A	5-5/8	BR7	02/15/06	15,513,587	15,491,107	22,480	0
X80	B	6-7/8	BS5	05/15/06	16,015,475	15,651,475	364,000	4,800
Y55	C	7	BT3	07/15/06	22,740,446	22,740,446	0	0
Z62	D	6-1/2	BU0	10/15/06	22,459,675	22,459,675	0	0
2J0	B	6-1/4	BW6	02/15/07	13,103,678	12,977,414	126,264	1,600
2U5	C	6-5/8	BX4	05/15/07	13,958,186	13,678,986	279,200	15,200
3E0	D	6-1/8	CA3	08/15/07	25,636,803	25,241,603	395,200	48,000
3X8	B	5-1/2	CQ8	02/15/08	13,583,412	13,527,412	56,000	0
4F6	C	5-5/8	CY1	05/15/08	27,190,961	27,021,681	169,280	0
4V1	D	4-3/4	DK0	11/15/08	25,083,125	24,963,925	119,200	0
5G3	B	5-1/2	DV6	05/15/09	14,794,790	14,240,790	554,000	0
5N8	C	6	EA1	08/15/09	27,399,894	27,331,794	68,100	0
5Z1	B	6-1/2	EM5	02/15/10	23,355,709	23,163,309	192,400	0
6J6	C	5-3/4	FT9	08/15/10	22,437,594	22,437,594	0	0
6T4	B	5	GC5	02/15/11	11,975,972	11,975,972	0	0
Total Treasury Notes					1,492,225,227	1,457,981,337	34,243,890	1,144,110
Grand Total					2,136,334,534	1,956,775,004	179,559,530	19,[illegible]42,405

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

May 4, 2001
For Immediate Release

Contact: Tara Bradshaw
(202) 622-2960

TREASURY, IRS MODIFY RULING PROCESS FOR THE ALTERNATIVE FUELS CREDIT

The Internal Revenue Service today issued Revenue Procedure 2001-34, which modifies Revenue Procedure 2001-30, issued on April 20, 2001, which announced the IRS will resume the private letter ruling process for the section 29 alternative fuels tax credit.

This new Rev. Proc. modifies the circumstances in which the IRS will issue a private letter ruling regarding whether a solid fuel produced from coal is a qualified fuel under Section 29 of the IRC. The modification expands the range of sizes of coal feedstock and eliminates one activity as a necessary part of the process that results in a qualified fuel.

"The modification comes in response to industry comments identifying changes necessary to comport with industry standards. We appreciate the industry's assistance and input," stated Mark Weinberger, Assistant Secretary for Tax Policy.

A copy of the Rev. Proc. is attached.

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Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.
(Also Part I, §29.)

Rev. Proc. 2001-34

SECTION 1. PURPOSE

.01 This revenue procedure modifies Rev. Proc. 2001-30, 2001-19 I.R.B. , which provides the circumstances under which the Internal Revenue Service will issue private letter rulings regarding whether a solid fuel produced from coal is a qualified fuel under § 29(c)(1)(C) of the Internal Revenue Code. The circumstances necessary for the Service to issue a private letter ruling include the presence of coal feedstock particles no larger than a specific size, and the performance of specific activities in processing the feedstock in order to effectuate a significant chemical change.

.02 Rev. Proc. 2001-30 is modified to expand the range of sizes of coal feedstock and to eliminate one particular activity as a necessary part of a process that results in a qualified fuel.

SECTION 2. MODIFICATIONS

.01 Section 3 of Rev. Proc. 2001-30 is modified by deleting the word "entirely" after the phrase "The feedstock coal consists", adding the phrase "the majority of which, by weight, are" after the word "particles", and substituting "3/8" for "1/8" in the first condition.

.02 Section 3 of Rev. Proc. 2001-30 is also modified by deleting the phrase "following an acid bath" after the word "monomers" in the second condition.

.03 Section 3 of Rev. Proc. 2001-30, as modified, is set forth below as Section 3 of this revenue procedure.

SECTION 3. PROCEDURE

The Service will issue rulings that a solid fuel (other than coke) produced from coal is a qualified fuel under § 29(c)(1)(C) if the conditions set forth below are satisfied and evidence is presented that all, or substantially all, of the coal used as feedstock undergoes a significant chemical change. The conditions are that:

1. The feedstock coal consists of coal fines or crushed coal comprised of particles the majority of which, by weight, are no larger than 3/8 inch;

2. The feedstock coal is thoroughly mixed in a mixer: (a) with styrene or other monomers, (b) with quinoline (C_9H_7N) or other organic resin and left to cure for several days, (c) with ultra heavy hydrocarbons, or (d) with an aluminum and/or magnesium silicate binder following heating to a minimum temperature of 500 degrees Fahrenheit; and

3. The treated feedstock is subjected to elevated temperature and pressure that results in briquettes, pellets, or an extruded fuel product, or the taxpayer represents that the omission of this procedure will not significantly increase the production of the facility over the remainder of the period during which the § 29 credit is allowable.

SECTION 4. EFFECTIVE DATE

This revenue procedure applies to all ruling requests, including any pending in the national office and any submitted after the date of publication of this revenue procedure.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2001-30 is modified.

DRAFTING INFORMATION

The principal author of this revenue procedure is David McDonnell of the Office of Associate Chief Counsel (Passthroughs and Special Industries). Other personnel from the IRS and Treasury participated in its development. For further information regarding this revenue procedure contact Mr. McDonnell on (202) 622-3120 (not a toll-free call).

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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For Immediate Release
May 7, 2001

Contact: Rob Nichols/Tara Bradshaw
(202) 622-2960

SMALL BUSINESSES GAIN BIG BENEFIT FROM THE PRESIDENT'S TAX RELIEF PROPOSALS

77% of the tax relief associated with cutting the top rate would go to small business owners and entrepreneurs

Today, Treasury Secretary Paul O'Neill kicked-off *Small Business Week* by releasing new information about how small business owners and entrepreneurs will benefit from the President's tax relief proposal.

According to the Office of Tax Analysis, when the President's tax relief plan is fully phased in, small business owners and entrepreneurs receive 77% of the tax relief associated with reducing the top income tax rate to 33%. Also, small business owners and entrepreneurs make up 63% (about .8 million) of the 1.3 million tax returns that will benefit from the new 33% rate.

Business owners are defined to include any taxpayer that reports income from a sole proprietorship, farm proprietorship, partnership, S-corporation, or rental activities.

"Do you know who benefits from cutting the top tax rate? It's not who you think," said O'Neill. "Small business owners and entrepreneurs – the engines of growth in our economy – are the biggest beneficiaries of a cut in the top income tax rate. These are the people who will plow their tax relief right back into their businesses – increasing wages and hiring more workers."

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

?OR IMMEDIATE RELEASE
\pril 30, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	May 03, 2001
Maturity Date:	August 02, 2001
CUSIP Number:	912795HE4

High Rate: 3.885% Investment Rate 1/: 3.978% Price: 99.018

All noncompetitive and successful competitive bidders were awarded ;ecurities at the high rate. Tenders at the high discount rate were ıllotted 28.35%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 16,903,984	$ 7,175,247
Noncompetitive	1,399,756	1,399,756
FIMA (noncompetitive)	425,000	425,000
SUBTOTAL	18,728,740	9,000,003 2/
Federal Reserve	4,852,035	4,852,035
TOTAL	$ 23,580,775	$ 13,852,038

Median rate 3.850%: 50% of the amount of accepted competitive tenders 'as tendered at or below that rate. Low rate 3.810%: 5% of the amount ·f accepted competitive tenders was tendered at or below that rate.

·id-to-Cover Ratio = 18,728,740 / 9,000,003 = 2.08

/ Equivalent coupon-issue yield.
/ Awards to TREASURY DIRECT = $1,154,422,000

http://www.publicdebt.treas.gov

0-358

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
April 30, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	May 03, 2001
Maturity Date:	November 01, 2001
CUSIP Number:	912795HU8

High Rate: 3.860% Investment Rate 1/: 3.991% Price: 98.049

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 51.60%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,177,112	$ 6,775,812
Noncompetitive	1,124,205	1,124,205
FIMA (noncompetitive)	100,000	100,000
SUBTOTAL	23,401,317	8,000,017 2/
Federal Reserve	4,307,692	4,307,692
TOTAL	$ 27,709,009	$ 12,307,709

Median rate 3.825%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.800%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 23,401,317 / 8,000,017 = 2.93

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $896,853,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
May 8, 2001

Contact: Tara Bradshaw
(202) 622-2960

TREASURY STATEMENT ON THE JOINT COMMITTEE ON TAXATION DISTRIBUTION TABLES FOR THE PRESIDENT'S TAX RELIEF PROPOSALS

The Congressional Joint Committee on Taxation (JCT) released on May 4 tables showing their estimates of the distributional effect of the President's tax relief proposal (JCX-32-01). The tables show the effect of the major individual income tax provisions in the President's proposal in each year, 2002 through 2006. These provisions are fully in effect by 2006.

The JCT table for 2006, when the President's proposal is fully effective, shows that the percentage tax cuts will be largest for taxpayers with incomes under $50,000.

While all income groups receive a tax cut under the President's proposal, taxpayers with incomes of $100,000 or more will pay a larger share of the tax burden than they do under current law. The share of tax relief provided to these taxpayers is smaller than their share of current taxes paid.

The Treasury Department released a distributional analysis of the President's proposal on March 8, 2001. The Treasury Department analysis showed that the share of individual income taxes paid by taxpayers with income over $100,000 would increase from 70 cents of every dollar in individual income taxes paid under current law to 74 cents of every dollar under the President's proposal.

"This analysis confirms, yet again, the President's plan provides significant relief to low and middle income taxpayers," stated Treasury Secretary Paul O'Neill.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBORGOED UNIL 9:30 A.M. EDT
Tuesday, May 8, 2001

Contact: Tasia Scolinas
(202) 622-2960

Testimony of Paul H. O'Neill Secretary of the Treasury
Before the Senate Committee on Appropriations

Thank you Chairman Stevens, Chairman Warner, Chairman Shelby, Chairman Roberts, Chairman Gregg and other members of the Committee, it is a privilege to be here today to discuss Treasury's role in the federal government's counterterrorism efforts. Combating terrorism engages virtually every part of the Department. Our front line is our law enforcement bureaus and offices -- the U.S. Customs Service, U.S. Secret Service, Bureau of Alcohol, Tobacco and Firearms, Internal Revenue Service Criminal Investigation, Federal Law Enforcement Training Center, Financial Crimes Enforcement Network, and the Office of Foreign Assets Control. These bureaus and offices have enforcement and regulatory missions, employ over 33,000 people, and have a combined budget in excess of $4 billion. With approximately 20,000 special agents and inspectors, Treasury agencies represent almost 40% of federal law enforcement and have offices throughout the United States and around the world.

We protect our borders, the President and other world leaders, and our critical infrastructure. We respond to and investigate terrorist bombings, arsons, and shootings, wherever they occur. We attack terrorist fundraising activities by investigating financial crimes and money laundering. We administer and enforce economic sanctions on foreign terrorist organizations and countries that sponsor terrorism. We also provide training to our federal, state, local, and international partners.

TREASURY'S COUNTERTERRORISM EFFORTS

Events of the past decade, such as the 1993 bombing of the World Trade Center, the 1995 bombing of the Murrah Federal Building in Oklahoma City, and the 1996 truck bombing in Saudi Arabia, serve as reminders that United States facilities and personnel continue to be the target of terrorism. We have seen major advancements in technology and rapid globalization, making our job of combating terrorism more difficult. The men and women of the Treasury Department, working with other agencies, seek to meet this complex and ever-changing threat of terrorism.

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Working with the Federal Aviation Administration, the FBI, and the airline industry, Customs uses its border search authority to help protect international air passengers. Customs currently has specialized outbound inspection teams at 11 of the largest airports in the nation. These teams use Customs search authority to examine outbound cargo on passenger aircraft for hazardous materials, concealed or improperly licensed weapons or munitions, and any other material that could compromise the security or safety of the aircraft.

In the areas of illegal firearms and explosives trafficking, Customs works with the Bureau of Alcohol, Tobacco and Firearms. The laws that ATF enforces generally require permits to import explosives or firearms. Customs and ATF work together to detect illegal firearms and explosives imports and ensure that those that are lawfully imported into the United States seamlessly enter regulated domestic commerce.

The Challenge -- Protecting Our Leaders

The U.S. Secret Service, protects our most visible targets -- the President and first family, the Vice President, former Presidents, visiting foreign heads of state, the White House complex, and foreign embassies in the United States. Under Presidential Decision Directive 62 (PDD-62) and 18 U.S.C. § 3056, the Secret Service is also responsible for coordinating security at designated events, referred to as National Special Security Events (NSSEs).

The Secret Service has the challenge of identifying and neutralizing potential threats by individuals and groups in an increasingly sophisticated, mobile, and violence-prone environment. Political and social changes have created regional tensions in many emerging nations, causing physical threats to political leaders to become more prevalent. Terrorist organizations continue to increase in the sophistication of their tactics and techniques, rendering many traditional protective measures ineffective. In addition to conventional threats, chemical, biological, and radiological weapons have potentially greater destructive capabilities and some are easily transportable.

In response to this heightened concern, the Secret Service seeks to integrate technology and highly trained personnel within its protective mission. Using state-of-the-art countermeasures, the Secret Service executes security operations that deter, minimize, and respond to these threats. It has Counter Assault Teams, a Counter Surveillance Unit, and Counter Sniper assets to detect and prevent, and if necessary respond to, any and all terrorist attacks on the President or Vice President. Readiness is a top priority and the Secret Service manages the Joint Operations Center to ensure a coordinated response to any incident at the White House and holds interagency table top exercises in preparation for terrorist attacks on the White House. To prevent attacks against those targets under Secret Service protection, it has an extensive program to obtain, analyze and disseminate information related to individuals or groups who pose a threat to persons or facilities protected by the Service. It does so in partnership with the National Security Council (NSC) and a variety of federal agencies, including the FBI, the

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CIA, the National Security Agency (NSA), and the National Imagery and Mapping Agencies (NIMA).

The Challenge -- Protecting Our Critical Infrastructure

Treasury is the lead agency responsible for working with the banking and finance sector of the economy to protect the nation's financial system infrastructure against cyber and other threats under Presidential Decision Directive 63 (PDD-63), "Critical Infrastructure Protection." Treasury and the industry are responsible for a number of tasks, including assessing the vulnerabilities of the sector to cyber and physical attacks, recommending a plan to eliminate significant vulnerabilities, and developing an information sharing system for identifying and preventing major attacks. To do this Treasury and the industry agreed to create and support what is now known as the *Banking and Finance Sector Coordinating Committee on Critical Infrastructure Protection* (the Coordinating Committee), chaired by Sector Coordinator Steve Katz of Merrill Lynch. Treasury's work on this program is directed by the Assistant Secretary for Financial Institutions, who serves as Sector Liaison.

Treasury and the industry have made substantial progress on critical infrastructure protection. The financial services industry was the first to establish a private sector information sharing and analysis center. The center, which was launched in October 1999, is designed to detect and analyze actual or potential cyber attacks, and distribute alerts about, and suggested countermeasures for, such attacks to its members. A cross-section of major commercial banks, investment banks, broker-dealers, insurance companies, investment companies, thrift institutions and industry utilities participate in the center.

In addition, the Secret Service conducts financial crimes and counterfeiting investigations that are designed to ensure the integrity of the critical financial, payment, and telecommunications infrastructures of the United States. Pursuant to PDD-63, the Secret Service has an infrastructure protection program, designed to prevent cyber attacks against critical infrastructure or a protected site or venue.

To meet its PDD-63 responsibilities, the Secret Service created the *Electronic Crimes Special Agent Program (ECSAP)*. These agents are highly trained and are qualified as experts in the preservation and analysis of a wide range of electronic evidence, including computers, telecommunications devices, and other electronic paraphernalia. They also provide expertise in the investigation of network intrusions and database thefts. The Secret Service uses these agents and its core of computer investigative specialists (CIS) to conduct investigations into "cybercrime" and "cyber-terrorism."

To protect our Treasury infrastructure, we have established a Treasury Critical Infrastructure Protection Plan (TCIPP) to meet the goals and objectives of PDD 63. This plan details the roles and responsibilities that must be performed at the Treasury headquarters level and in the bureaus. Major components of this plan include the identification and assessment of both vulnerability and risk. It also addresses vulnerability mitigation/elimination and the need to engage all Treasury employees in CIP awareness and education. All Treasury security disciplines, including information systems security, personnel security, information security, industrial security, security operations, as well as emergency preparedness, play a role in safeguarding, protecting and assuring the viability of our critical infrastructure. Treasury's CIP programs are administered by the Office of Security under the Deputy Assistant Secretary (Information Systems) and Chief Information Officer.

Using Our Expertise in Explosives, Arsons, and Firearms

Treasury's Bureau of Alcohol, Tobacco and Firearms (ATF) specializes in and investigates incidents relating to explosives, arson and firearms. ATF enforces federal laws relating to firearms, explosives, and arson and it regulates the firearms and explosives industries. ATF has developed a unique expertise in the use and misuse of these commodities and provides leadership and direction in contributing to the Department's counterterrorism efforts. An ATF Agent recovered the serial number on the axle of the rental truck that lead to the apprehension and conviction of the terrorists who committed the World Trade Center bombing.

ATF has developed personnel specializing in responding to explosives and arson incidents. ATF's four National Response Teams (NRT) are the only national teams that respond to explosives and arson incidents. Since the inception of NRTs in 1978, these teams of experts have responded to 491 bombing and arson incidents in the United States. ATF has also created the International Response Team that assists worldwide in matters involving major bombing or arson incidents at the request of the State Department. These teams respond within 24 hours. A major component of each NRT and IRT is the Explosives Enforcement Officer. These officers render safe improvised explosives devices, perform underwater recovery of explosives, and make explosive device determinations. ATF is the only agency capable of disrupting a large vehicle bomb through the use of their All-purpose Remote Transport System (ARTS). The ARTS is designed to remotely disrupt car and truck bombs too large to disarm by traditional methods.

ATF also serves as an important information resource in responding to terrorist activities. ATF maintains effective liaison with industry groups and can obtain and refer information rapidly. An example of this is ATF's partnership with the Fertilizer Institute in the "Be Aware for America" campaign. This campaign educates fertilizer dealers in agricultural grade ammonium nitrate about procedures to prevent improper sales and to report suspicious attempted purchases. In addition to conducting inspections of industry members to make sure records are properly maintained and that inventories of explosives and firearms are properly stored, ATF traces firearms and explosives used in crime or recovered at crime scenes. Additionally, ATF has an Arson and Explosives National Repository database that contains information on over 100,000 arson and explosive incidents. This repository maintains over 100,000 records of components used in improvised explosive devices that are available to law enforcement worldwide.

ATF has established a canine training center in Front Royal, Virginia, to train explosives detecting canine teams. In partnership with the Department of State's Anti-Terrorism office, ATF trains these teams for service in countries around the world. In addition, ATF has trained its own unique cadre of special agent canine handlers whose canine partners can detect trace amounts of explosives that may be hidden or buried.

ATF also employs the only federally trained and certified fire investigators who investigate suspicious fires to determine their cause and origin. ATF also trains State and local accelerant detection canine teams, which are key tools in the investigation at arson scenes. The Front Royal facility is also used for this purpose. ATF's National Laboratories provide state-of-the-art forensic services in the areas of explosives and firearms evidentiary analysis. ATF is in the process of building a Fire Research Center, an innovative partnership among law enforcement, fire services, public safety agencies, academia and the private sector. The Fire Research Center will use the most advanced scientific, technical, educational, and training methods to make ATF and its partners leaders in fire investigation science to serve and protect the public.

Attacking the Financial Underpinnings of Terrorism

Terrorist organizations often engage in illicit activities to raise money for their terrorist activities. By investigating money laundering and other financial crimes and imposing and enforcing economic sanctions, Treasury is attempting to deprive terrorist organizations of their funding.

Money Laundering and Financial Crime

Suspects in financial crimes investigations have traditionally been thought of as white-collar criminals. Today we see many criminals for whom financial crime is just one component in a diversified criminal portfolio. The proceeds of the criminal activities are not only used to support the lifestyle of the suspect, but frequently to finance other types of criminal enterprises, including terrorism. Treasury's expertise in investigating financial crimes and money laundering enable it to attack terrorist financing -- the support system of terrorist activity.

An example of the types of crime being committed to raise money for terrorist organizations is a recent ATF/FBI investigation. In July 2000, ATF and FBI agents arrested 18 people in connection with cigarette smuggling and immigration violations. The current charges, which include providing material support and resources to a designated foreign terrorist organization, are based on the evidence that some of the defendants, supplied money and military-style equipment to the Hizballah organization. In fact, two of the defendants are Lebanon-based Hizballah leaders..

The tie between financial crime and terrorism is not limited to international terrorist organizations. Domestically, many extremist paramilitary and militia groups in the United States that advocate violence against the government also advocate violating --

and often do violate -- the tax laws of the United States. IRS-CI with its expertise in tax crime plays a role in responding to the threat of domestic terrorism from these extremist groups. In addition, Treasury's Inspector General for Tax Administration (TIGTA) investigates threats to IRS personnel and facilities.

Treasury is also uniquely situated to "follow the money" through money laundering investigations and other support for U.S. counter-terrorist efforts. Customs, IRS-CI, Secret Service and the Bureau of Alcohol, Tobacco and Firearms are charged with investigating money laundering in cases where the underlying criminal act lies within their core jurisdiction. The Financial Crimes Enforcement Network (FinCEN) is charged with administering the Bank Secrecy Act, which prescribes transaction reporting and record-keeping requirements for financial institutions designed to insulate those institutions from money laundering, and to provide a paper trail for investigators. FinCEN also serves as the central point for collection and analysis of Bank Secrecy Act data, providing case support to law enforcement investigations. This information is valuable to investigations of terrorist fundraising, giving FinCEN the ability to "follow the money" through accessing a variety of databases and assisting investigators in tracking terrorists through their financial transactions and their assets.

To supplement these traditional law enforcement methods, Treasury is establishing a Foreign Terrorist Asset Tracking Center (FTAT) within its Office of Foreign Assets Control (OFAC). The Center will develop government-wide strategies to counter terrorist financing and to incapacitate their financial holdings within the US, and to assist other countries to employ similar strategies. Such strategies will bring to bear the full weight, influence, and authority of the federal government -- regulatory, diplomatic, defense, intelligence, and enforcement communities. The agencies pledged to participate in or work with the Center are Customs, IRS, USSS, FinCEN, FBI, INS, CIA, NSA, as well as the Departments of Justice, State, and Defense. OFAC is now hiring the Center's permanent staff and is working with participating agencies to identify detailees and liaisons.

Economic Sanctions

Treasury is responsible for administering and enforcing economic sanctions against terrorists and terrorist organizations. Since January 1995, OFAC has administered Presidentially-imposed economic sanctions against Middle East terrorist organizations under Executive Order 12947. This effort, the Specially Designated Terrorists ("SDT") program, is used to identify and expose SDTs. It has blocked some terrorist assets within the United States and is believed to have deterred fundraising in the U.S. and impeded terrorists' use of the U.S. financial system. In August 1998, Usama bin Laden and his organization, al-Qaeda, were added by Executive order to the list of foreign terrorists covered by these sanctions. OFAC continues to work closely with Justice, State, the FBI, and other federal agencies in implementing the two Middle East terrorist Executive Orders against identified or potential SDTs.

In April 1996, the Antiterrorism and Effective Death Penalty Act ("Antiterrorism Act") was enacted, in part to prevent persons within the U.S. or under U.S. jurisdiction from providing material support or resources to Foreign Terrorist Organizations ("FTOs") throughout the world. Beginning in October 1997, numerous FTOs have been designated by the Secretary of State in consultation with the Secretary of the Treasury and the Attorney General. Under the Antiterrorism Act and OFAC's implementing regulations, financial institutions subject to U.S. jurisdiction maintain control over all funds in which an FTO has an interest, block financial transactions involving FTO assets, and report those actions to OFAC.

In administering sanctions programs, we strive for maximum coordination. Within Treasury, OFAC coordinates closely with the Office of the Assistant Secretary for International Affairs regarding foreign and international economic policy issues affecting OFAC's implementation of sanctions against terrorist supporting countries. We also coordinate with State and Justice on FTO designations, and work with the financial community, the FBI, Justice, State, and other federal agencies in implementing the prohibitions of the Antiterrorism Act.

The Customs Service, working with OFAC, investigates violations of sanctions programs targeting terrorist supporting countries for criminal prosecution. In addition, OFAC has the authority to levy civil penalties for violations.

In addition to the economic sanctions programs, Section 901(j)(2)(A)(iv) of the Internal Revenue Code denies the foreign tax credit with respect to taxes paid to countries that "the Secretary of State has, pursuant to section 6(j) of the Export Administration Act of 1979, as amended, designated as a foreign country which repeatedly provides support for acts of international terrorism." Last year, State designated Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria under this provision.

COORDINATION WITH OTHER AGENCIES

We recognize that to effectively fight terrorism we must work across the federal government, as well as with our state, local and international partners. We have and will continue to interact regularly with the Departments of Justice, State, Commerce, Transportation, Defense, and HHS, as well as the Federal Emergency Management Agency (FEMA) and members of the Intelligence Community on counterterrorism matters. Treasury has partnered with Justice, Defense, State, FBI and the CIA in the development of the Five-Year Counterterrorism and Technology and Crime Plan. The Plan is updated annually and serves as a baseline strategy for coordination of national policy and operational capabilities in the fight against terrorism. We coordinate our activities in a number of ways -- through Presidential directives as well as through joint efforts such as task forces and other interactions with our law enforcement partners. In addition, we build relationships through training programs both at home and overseas.

Presidential Directives

There are several Presidential directives that set out agency responsibilities related to counterterrorism efforts. Among these directives are Presidential Decision Directive (PDD) 39, responsibilities for responding to terrorism, PDD-62, security for special events, and PDD-63, responsibilities related to protecting our critical infrastructure. Treasury and its bureaus undertake the responsibilities assigned to them under the Presidential directives and, where lead responsibility is assigned to another agency or department, lend our expertise and assets to support that agency.

We also continue our policy of coordination by appropriate representation to the National Security Council's Counterterrorism and Security Group (CSG) and the National Coordinator for Security, Critical Infrastructure and Counterterrorism. We also participate in the Critical Infrastructure Assurance Office regarding critical infrastructure issues.

Task Forces and Other Interactions

Successful anti-terrorism programs require daily operational coordination. Within the Department, ATF and Customs work closely on investigations of arms trafficking. Similarly, Customs and OFAC coordinate issues relating to the enforcement of sanctions programs. FinCEN and IRS-CI are available to support all of our bureaus with financial background information, which is indispensable in the tracking and understanding of complicated terrorist funding efforts. Additionally, the Secret Service's protection efforts are measurably enhanced by the investigative information and staffing resources available from its Treasury counterparts.

Coordination outside of Treasury is carried out on a routine basis with our federal, state, and local counterparts. Each of our bureaus and offices possess capabilities that are available to augment the counterterrorism response of other departments and agencies. Our enforcement bureaus are partners in the FBI's Joint Terrorism Task Force program. Operationally, Treasury agents assigned to a JTTF work as full-time members. On several occasions they have been designated as case agents on investigations requiring review at the national policy level. As a result of field involvement in this program, Treasury agents have a much clearer understanding of the extent of domestic and international terrorist activity. This understanding enhances Treasury capabilities and enables us to more effectively assess threat levels and to deploy resources to counter potential national security threats.

The Secret Service, Customs and ATF coordinate continuously not only with the FBI, but also with FEMA, Defense, State, and the CIA in responding to terrorist acts. We maintain an active liaison program with the intelligence community and participate in the FBI Counterterrorism Division, the CIA Counterrorism Center, and the Treasury Threat Advisory Group. All of these relationships are important, integral partnerships in the fight against terrorism.

Building Relationships Through State-of-the-Art Training

The reality of the globalization of crime and terrorism has motivated our bureaus to adopt an aggressive training program to enhance our capabilities and build relationships with agencies at home and abroad. The Federal Law Enforcement Training Center (FLETC) alone trains the law enforcement personnel from more than 70 federal agencies, numerous state and local law enforcement, and more than 50 nations, including high threat areas such as China, Russia, Lithuania, Nigeria, South Africa and Colombia. The benefits derived from the relationships developed through our training efforts have enhanced our ability to investigate and suppress terrorist activity around the world.

CONCLUSION

I hope my testimony today has provided a better understanding of the breadth and depth of Treasury's counterterrorism efforts. I want to thank Congress for its support of our work. We are committed to working with all of our partners to prevent, investigate and prosecute terrorist attacks on the U.S. both at home and abroad. Thank you.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 5/08/01

The Treasury Department today released U.S. reserve assets data for the week ending May 4, 2001. As indicated in this table, U.S. reserve assets totaled $65,391 million as of May 4, 2001, up from $65,046 million as of April 27, 2001.

in US millions)

Official U.S. Reserve Assets	April 27, 2001			May 4, 2001		
TOTAL	65,046			65,391		
	Euro	Yen	TOTAL	Euro	Yen	TOTAL
1. Foreign Currency Reserves [1]						
a. Securities	5,313	10,649	15,962	5,325	10,888	16,213
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	8,996	4,610	13,606	9,014	4,713	13,727
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			13,958			*13,943*
3. Special Drawing Rights (SDRs) [2]			10,474			*10,463*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for April 27 are final. The entries in the table above for May 4 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of March 31, 2001. The February 28, 2001 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	April 27, 2001	May 4, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	April 27, 2001	May 4, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 08, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 5-YEAR NOTES

Interest Rate:	4 5/8%	Issue Date:	May 15, 2001
Series:	E-2006	Dated Date:	May 15, 2001
CUSIP No:	9128276X5	Maturity Date:	May 15, 2006

High Yield: 4.660% Price: 99.845

All noncompetitive and successful competitive bidders were awarded securities at the high yield. Tenders at the high yield were allotted 14.06%. All tenders at lower yields were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 25,909,865	$ 12,543,693
Noncompetitive	356,332	356,332
FIMA (noncompetitive)	100,000	100,000
SUBTOTAL	26,366,197	13,000,025 1/
Federal Reserve	3,174,893	3,174,893
TOTAL	$ 29,541,090	$ 16,174,918

Median yield 4.640%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low yield 4.614%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 26,366,197 / 13,000,025 = 2.03

1/ Awards to TREASURY DIRECT = $269,094,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 09, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 9-3/4-YEAR NOTES

This issue is a reopening of a note originally issued February 15, 2001.

Interest Rate:	5%	Issue Date:	May 15, 2001
Series:	B-2011	Dated Date:	February 15, 2001
CUSIP No:	9128276T4	Maturity Date:	February 15, 2011
STRIPS Minimum:	$1,000		

High Yield: 5.189% Price: 98.551

All noncompetitive and successful competitive bidders were awarded securities at the high yield. Tenders at the high yield were allotted 76.13%. All tenders at lower yields were accepted in full.

Accrued interest of $ 12.29282 per $1,000 must be paid for the period from February 15, 2001 to May 15, 2001.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,947,372	$ 8,922,968
Noncompetitive	77,102	77,102
SUBTOTAL	23,024,474	9,000,070 1/
Federal Reserve	2,457,250	2,457,250
TOTAL	$ 25,481,724	$ 11,457,320

Median yield 5.175%: 50% of the amount of accepted competitive tenders as tendered at or below that rate. Low yield 5.139%: 5% of the amount f accepted competitive tenders was tendered at or below that rate.

ID-TO-COVER RATIO = 23,024,474 / 9,000,070 = 2.56
Ↄ FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.
HE STRIPS MINIMUM IS $1,000.

/ Awards to TREASURY DIRECT = $39,530,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
May 9, 2001

Contact: Tara Bradshaw
(202) 622-2960

TREASURY STATEMENT ON HOUSE PASSAGE OF THE BUDGET RESOLUTION

Treasury Secretary Paul O'Neill made the following statement after House passage of H.Con.Res. 83, the Budget Resolution Conference Report for Fiscal Year 2002:

Broad-based tax relief, one of the major elements of the President's policy prescriptions for America, took another important step forward today as the House voted to support a final budget including $1.35 trillion in tax relief, with retroactive relief this year to give the economy a much needed second wind.

Americans are paying a higher tax burden today than at any time in our nation's history. The President has made it a top priority to reduce the tax burden to allow working Americans to keep more of what they earn. The President also made it a top priority to make the tax code more fair by reducing the marriage penalty, eliminating the death tax, and increasing the child credit. Steep tax rates drain the economy's vitality and rob small business owners of the cash flow they need to maintain their employment when the economy is struggling, and to grow in the more prosperous times to come. In fact, 77% of the tax relief associated with cutting the top rate would go to small business owners and entrepreneurs--fundamental engines of growth in our economy.

Now we turn our attention to the Senate. I call on the Senate to act quickly, so that we can put legislation enacting substantial tax relief for all taxpayers on the President's desk by the end of this month, and put money back in the pockets of hard-working Americans as quickly as possible.

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DEPARTMENT OF THE TREASURY

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FOR IMMEDIATE RELEASE
Thursday, May 10, 2001

CONTACT: Treasury Public Affairs
202-622-2960

TREASURY SECRETARY O'NEILL STATEMENT ON OECD TAX HAVENS

Treasury Secretary Paul O'Neill made the following statement on OECD tax Havens:

Recently, I have had cause to re-evaluate the United States' participation in the Organization for Economic Cooperation and Development's working group that targets 'harmful tax practices.' Following up on the thoughts I shared with my G7 counterparts at recent meetings, I want to make clear what is important to the United States and what is not.

Although the OECD has accomplished many great things over the years, I share many of the serious concerns that have been expressed recently about the direction of the OECD initiative. I am troubled by the underlying premise that low tax rates are somehow suspect and by the notion that any country, or group of countries, should interfere in any other country's decision about how to structure its own tax system. I also am concerned about the potentially unfair treatment of some non-OECD countries. The United States does not support efforts to dictate to any country what its own tax rates or tax system should be, and will not participate in any initiative to harmonize world tax systems. The United States simply has no interest in stifling the competition that forces governments - like businesses - to create efficiencies.

In fact, the Administration is actively working to lower tax rates for all Americans. After reducing our tax burden, we will turn our attention toward reforming our system to make it simpler and more efficient. On these principles the United States remains firm.

When I took my oath of office as Secretary in January, I pledged faithfully to execute the laws of the United States. In its current form as established by Congress, the U.S. tax code generally taxes income on a worldwide basis. We have an obligation to enforce our tax laws as written because failing to do so undermines the confidence of honest taxpaying Americans in the fairness of our tax system. We cannot turn a blind eye toward tax cheating in any form.

PO-366

That means pursuing those who illegally evade taxes by hiding income in offshore accounts. In today's world of instant information on the Internet, offshore bank accounts are no longer an obscure perk of the very rich. Just type in "offshore brokerage account" in any Internet search engine. The number of sites offering easy, affordable, secret offshore brokerage accounts for investing in U.S. stocks is astonishing.

As one Internet site advertising offshore brokerage accounts in Dominica boasts, "U.S. stocks, bonds, options, currencies and mutual funds are frequently bought through offshore companies because they are not liable to U.S. capital gains taxes." Consider just how unfair this is to law abiding U.S. investors who invest in U.S. stocks and pay taxes. The tax evading U.S. investor, investing in the very same U.S. stocks through a secret offshore account, does not.

Anyone who doubts that the U.S. needs information from offshore tax havens in order to prosecute tax evaders need look no further than the case of John Mathewson. Mathewson ran a bank in the Cayman Islands. When shut down in 1995, Mathewson had over 1,000 customers and, according to Mathewson, 95% of his customers were U.S. citizens. With Mathewson's cooperation, the IRS obtained tax evasion convictions on, and collected substantial back taxes from, over 20 of Mathewson's clients. These cases were made possible because of Mathewson's extraordinary cooperation. Without it - and without any tax information exchange agreement with the Cayman Islands - this large-scale illegal tax evasion would have gone unpunished.

To enforce our tax laws, we must have a multi-prong strategy. If the United States believes that a particular U.S. taxpayer is illegally evading the U.S. tax laws through the use of offshore entities or secret bank accounts, the United States must make every effort on our own to obtain the necessary information to enforce the U.S. tax laws. In addition, the United States has negotiated individual treaties or agreements with over 60 countries so it can obtain needed information in cases of tax evasion. Finally, in appropriate circumstances, organizations like the OECD can be used to build a framework for exchanging specific and limited information necessary for the prosecution of illegal activity. We do - and will - guard against over-broad information exchanges in which foreign governments seek information for improper purposes or without proper safeguards. We cannot tolerate those who cheat on their U.S. taxes by hiding behind a cloak of secrecy.

Where we share common goals, we will continue to work with our G7 partners to achieve these goals. The work of this particular OECD initiative, however, must be refocused on the core element that is our common goal: the need for countries to be able to obtain specific information from other countries upon request in order to prevent the illegal evasion of their tax laws by the dishonest few. In its current form, the project is too broad and it is not in line with this Administration's tax and economic priorities.

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For Immediate Releases
May 9, 2001

Contact: Public Affairs
(202) 622-2960

UNITED STATES

PAUL H. O'NEILL, Governor

It is a pleasure to welcome the Asian Development Bank, member country delegations, and honored guests to the United States and to the beautiful host city of Honolulu, Hawaii. Let me join President Bush in thanking Governor Cayetano and Mayor Harris for their warm hospitality.

I am honored to be chairing the Thirty-Fourth Annual Meeting. The Bush Administration views the Asian Development Bank as having a critical role in economic development in the Asia and Pacific region. Since its founding in 1966, the Bank and the region have undergone momentous changes. No one understands this better than my esteemed colleague, President Tadao Chino, who was involved in the founding of the Bank and is now leading the institution into the 21st century. I am honored to join President Chino in opening this meeting.

I would also like to make a few remarks as the Governor for the United States.

I am very mindful that we all live in a globalized and interconnected world economy. As Secretary of the Treasury of the United States, the world's largest economy, let me assure you that I take seriously the responsibility that the United States perform at an optimal level, for its own people and for the world. While the U.S. economy has slowed, I have full confidence in its resilience. Economic fundamentals – productivity growth, the flexibility of our labor and capital markets, and low inflation – remain strong. In addition, the United States is working to put in place macroeconomic policies supportive of growth. The Administration's proposed tax cuts will provide some stimulus now and, more importantly, increase economic efficiency to underpin long-term economic growth. The U.S. Federal Reserve has demonstrated resolutely its willingness to ease monetary conditions as needed.

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Although global growth has slowed over the past year, it is important not to lose sight of the sound foundation for recovery that is already in place. Nonetheless, a healthy global economy requires all of us to perform to our full potential, and, at the moment, all of the major economies are operating below their long-term potential. It is important for Japan, after ten years of sluggish growth, to achieve strong, stable growth. We welcome Prime Minister Koizumi's recent statements indicating his commitment to reform and look forward to seeing Japan take the steps needed to trigger an enduring recovery.

East Asia's recovery from the financial crisis has been encouraging. Per capita incomes in most countries are now well above their pre-crisis level. The risk of further balance of payments crises has declined significantly as most countries have built up foreign currency reserves, reduced short-term external debt and adopted more flexible exchange regimes. Yet, like a receding tide, the decline in global demand, particularly for high technology products, has revealed more clearly the drag weak banking and corporate sectors have on growth.

In South Asia, the information technology and heavy manufacturing sectors have grown strongly. The challenge now is to provide a more supportive environment for private-led growth in other sectors. The development challenges in Central Asia are also significant. While the energy sector has been a bright spot, countries are grappling with low growth, widespread poverty, and mounting debt burdens.

Asia has become increasingly important to the global economy, accounting for about a third of global trade and receiving a third of foreign investment in developing countries. Asia has also become increasingly important to the United States. Trade and investment ties have expanded, with Asia's share of U.S. trade increasing from about 10% in 1980 to over 20% currently (excluding trade with Japan), and U.S. foreign direct investment flows into Asia rising from $1-2 billion in the early 1980s to about $12 billion currently.

I'm an optimist. People around the world want higher living standards – and they will get there if they are exposed to the right incentives and opportunities. The differences between living standards in adjacent countries all over the world dramatizes how important certain fundamentals are. With the right policies, there is no good reason why such drastic differences in living standards need to be permanent.

I firmly believe that we will look back at the Asian crisis as a temporary setback in one of the most amazing success stories in economic history. The fundamental factors which contributed to the "Asian Miracle" of the seventies, eighties and early nineties, are still in place:

- a commitment to sound macroeconomic policies;
- free trade and open investment policies which expose companies to international competition;
- generally low levels of taxation;
- high levels of investment in human capital through sustained public sector commitment to health and basic education;
- a strong sense of entrepreneurship; and
- a high propensity to save.

Many of these core values remain as important as ever.

Institutions such as the Asian Development Bank are well placed to help countries put in place policies to meet the new development challenges of the 21st century such as strengthening social safety nets, financial sectors, capital markets, corporate governance, and commercial legal systems. A key theme behind my ideas for reform of the multilateral development banks is that they be more focused on the objective of increased income per capita through higher productivity growth. In this regard, the Bank can help countries move toward a second generation of productivity enhancements, building on the lessons learned and on the policies that have been successful in the past. We welcome the Bank's new Private Sector Development Strategy, which the Board of Governors approved last year. While still in its early stages of implementation, it envisions a Bank that strives to promote private sector investments at every opportunity. Bank support for human capital development, including cost effective social safety nets, is an important complement for this work.

While the ADB can make an important contribution to improving governance in the region, we also need to build on internal initiatives to improve corporate governance in the ADB and other multilateral development banks, making them more responsive, open, and accountable to shareholders and taxpayers. Similarly, while the ADB and other MDBs can play a large role in helping countries increase the efficiency of investments, they also need to increase the efficiency and effectiveness of their own lending through greater selectivity, better coordination with other lenders, and more effective monitoring of performance. I look forward to working with my fellow governors and the management of the Bank to achieve these goals.

DEPARTMENT OF THE TREASURY

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Contact: Public Affairs
(202) 622-2960

Statement of James F. Sloan, Acting Under Secretary for Enforcement U.S. Department of the Treasury before the Senate Appropriations Committee Subcommittee on Treasury and General Government

Chairman Campbell, Senator Dorgan, and Members of the Subcommittee, I am pleased to be here today on behalf of Secretary O'Neill to introduce the FY 2002 budget request for the Department of the Treasury's law enforcement bureaus and offices.

Testifying with me today are the heads of each Treasury law enforcement bureau: Charles W. Winwood, Acting Commissioner of the United States Customs Service (Customs), Bradley A. Buckles, Director of the Bureau of Alcohol, Tobacco and Firearms (ATF), Brian L. Stafford, Director of the United States Secret Service (USSS), W. Ralph Basham, Director of the Federal Law Enforcement Training Center (FLETC), William F. Baity, Deputy Director of the Financial Crimes Enforcement Network FinCEN) and R. Richard Newcomb, Director of the Office of Foreign Asset Control (OFAC).

In addition to presenting the FY 2002 budget request, I am also here today to discuss the most significant challenges we face in Treasury law enforcement. However, at the outset of my testimony, I want to thank the Members of this Subcommittee for their strong and continuing support for Treasury law enforcement. Because of your support in FY 2001, we experienced the largest increase in Treasury law enforcement staffing in over a decade.

This Subcommittee is aware of the fiscal challenges we continue to face. The FY 2002 budget request for $4.3 billion and roughly 30,000 FTE provides our Treasury law enforcement bureaus and offices the support needed to carry forward our challenging missions. Overall, the President's FY 2002 budget proposal would add roughly 900 full-time equivalent positions to Treasury enforcement above the FY 2001 total enacted level. For example, this budget will provide the ATF with an overall increase of 340 full-time equivalent agents, inspectors and other staff, and will be used to enhance our explosives, arson, and firearms enforcement efforts. For Customs, the FY 2002 budget request includes necessary funds to annualize the costs of 370 full-time equivalent positions associated with the FY 2001 enactment. These positions will further aid Customs in carrying out its very important drug and law enforcement missions.

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All of our bureau heads will address their programs in greater detail today. I would now like to touch on a few of the highlights involving Treasury Enforcement.

TREASURY STRATEGIC GOAL: SUPPORT THE ACHIEVEMENT OF BUSINESS RESULTS

DEPARTMENTAL OVERSIGHT

In addition to funding, it is important that our law enforcement bureaus have clear policies and priorities. The Office of Enforcement continues to focus on providing support, oversight, and policy guidance to enhance the performance of our enforcement bureaus and provide strong leadership in the enforcement community.

Performance Results

As the Acting Under Secretary for Enforcement, along with my staff, I am working to ensure that the Treasury law enforcement bureaus' performance goals and measures conform to policy and that the bureaus strive to reach their identified targets. To that end, Treasury law enforcement bureaus are working hard to achieve the strategic goals and objectives identified in the Department's FY 2000 through FY 2005 strategic plan. Our law enforcement bureaus have improved in their overall performance as indicated by a comparison of our FY 1999 and FY 2000 results of the percentage of performance targets met by Treasury law enforcement bureaus and major offices.

FY 1999 Actual	FY 2000 Actual	FY 2001 Plan	FY 2002 Plan
64%	77%	82%	85%

We will continue to strive to improve as we work toward the achievement of our FY 2001 and FY 2002 performance measure targets. It is important, however, that we not set goals that we are sure to reach. Instead, even though we may not achieve all of our goals, we must set targets that challenge us. If the performance measure targets do not "stretch" our bureaus, we will not improve.

It is my view that the performance measures contained in our FY 2002 bureau performance plans will appropriately challenge us. However, I also recognize that we still have a long way to go in developing the best set of performance measures for our law enforcement bureaus. While this is true for all of our mission areas, such as protection, trade facilitation, and passenger processing, it is especially true for our traditional law enforcement mission. We will work within Treasury, with other Federal law enforcement agencies, and with the Office of Management and Budget (OMB) to develop the law enforcement measures to accomplish our operational priorities and achieve our agency goals more effectively.

INFRASTRUCTURE

For our bureaus to accomplish their missions successfully, they need facilities that are safe and secure. They also need equipment that is up-to-date and reliable. We are working to meet these needs and thereby better serve the American people.

An example of this is the updated *Customs Air and Marine Modernization Plan*. This Plan is being cleared through the Department and will be forwarded to OMB and this Committee very soon. This Plan was prepared in response to a request by this Committee which, in noting the successes of the Customs Air and Marine Interdiction program, expressed its serious concerns surrounding the growing operational commitments associated with that success. Among other things, the Plan specifically addresses the Committee's concerns regarding the high cost of maintaining the fleet due to aircraft age and operational usage. The Air and Marine Modernization Plan includes a current description and status of air and marine assets and a strategic plan for replacing assets that have exceeded their useful life. To support this effort, the FY 2002 budget request includes a $35 million initiative for air and marine enhancements consistent with the Western Hemisphere Drug Elimination Act.

National Laboratory Center

The ATF National Laboratory Center (NLC) currently is located in a less than satisfactory commercial building in Rockville, Maryland, and a new government owned facility is being built as a replacement. In addition to the existing Forensic Science and Alcohol and Tobacco Laboratories, a new Fire Research Laboratory (FRL) will be part of the facility. In December 1999, ATF broke ground for its new NLC in Beltsville, Maryland. Once constructed, the new NLC will give ATF the kind of forensic and analytical science facility it needs to support firearms, explosives, and fire investigations, as well as to conduct testing that insures the integrity of regulated alcohol and tobacco products.

The FRL is a new addition to ATF's technical expertise that will directly support fire/arson investigations and complement ATF's on-going fire/arson investigation initiatives such as the InterFIRE Fire Investigation Training, the Certified Fire Investigator Program, and the Accelerant Detection Canine Program. It will be the only laboratory in the world solely dedicated to supporting fire/arson investigations and the resolution of arson related crimes and advancing the science of fire evidence analysis. For the first time, investigators will have a resource that can help them unravel the difficult problems associated with fire ignition and spread. ATF has established a memorandum of understanding with the National Institute of Standards and Technology to join forces on research into the measurement and prediction of fire and its effects, to share training and technology, and to conduct joint research and technical assistance tasks on matters of fire science.

ATF Headquarters

ATF Headquarters currently is located in a portion of a privately owned office building. In response to increasing safety concerns and capacity limitations, construction funds were provided for a new ATF Headquarters Building. The new building also will be the cornerstone of the redevelopment of the New York and Florida Avenue corridors in Northeast Washington, DC. We anticipate project completion in the spring of 2005. Due to the importance of this project, including the need to ensure the safety of our employees, senior policy officials are monitoring this project closely to ensure appropriate funding, and that it adheres to the original completion schedule.

FLETC Master Plan

The expansion in recent years in the number of employees hired by the 73 law enforcement agencies that participate in FLETC has stressed FLETC's ability to meet all the requests for training. Although FLETC continues to be able to provide all the basic training needed, by using a temporary facility in Charleston, South Carolina, increases in bureau hiring require coordinated increases in funding for FLETC.

Consistent with past practice, FLETC has submitted its five-year construction plan and updates to Congress. This so-called Master Plan captures how FLETC proposes to expand its Glynco, Georgia and Artesia, New Mexico facilities to ensure that long range demands for training can be met. Currently, FLETC is being challenged to expand facility capacities at its Glynco and Artesia centers to meet expressed U.S. Border Patrol training requirements. A temporary site is now being used in Charleston to provide a portion of basic training due to predicted Glynco capacity limitation. As you know, the Congress has requested that FLETC's expansion be completed in FY 2004, to eliminate the need for Charleston's use. FLETC's current Master Plan, identifies $83.2 million in construction requirements ($54.9 million over five years for Artesia and $28.3 million over five years for Glynco). To date, FLETC has received $39 million in appropriations and most of which has been, or will be, obligated by the end of FY 2001. Initially, the Border Patrol's training facility in Charleston was scheduled to close in FY 2004, with subsequent consolidation of all Border Patrol basic training at FLETC. Such a consolidation would generate $55 million in cost avoidance for new construction, and another $8 to $12 million annually would be saved by the Border Patrol in per diem cost, above original projected costs. FLETC and Border Patrol have forged a partnership to continue to make prudent decisions to achieve the consolidation as close to the original target date as possible.

FLETC's Cheltenham Facility

As part of its efforts to support Treasury's law enforcement bureaus, the Office of Enforcement identified a need for a firearms requalification range facility in the greater Washington, D.C. area for Treasury and other law enforcement personnel. To address this need, in March 2000, an interagency working group was formed to conduct a feasibility study to determine the possibility of establishing a consolidated training facility in the Washington metropolitan area. The study attempted to find an available location that would meet the following criteria: (1) government owned property, (2) sufficient acres to allow growth, (3) within the D.C. metropolitan area, and (4) suitable buffer areas between neighboring residential or commercial property. We have identified a site in Cheltenham, Maryland, that meets these criteria, and thanks to the support of this Committee and Congress, we have $30 million to build the facility. Although there is ongoing litigation about the site, we hope to be able to move forward soon.

The availability of a FLETC operated dedicated firearms and a vehicle operations requalification facility will promote optimum quality, quantity, and cost effectiveness for all law enforcement agencies in the greater Washington, D.C. area. While the original working group consisted of six Treasury law enforcement agencies -- ATF, USSS, Internal Revenue Service-Criminal Investigations (IRS-CI), FinCEN, Customs, and FLETC -- we now have over 29 agencies interested in using Cheltenham, including the U.S. Capitol Police.

HUMAN RESOURCES

We recognize, however, that the most modern facilities using the latest technology are useless if we are not able to recruit and retain high caliber personnel. We have taken a number of important steps to strengthen our workforce.

Treasury Law Enforcement Study

The FY 2000 and FY 2001 House Appropriations Committee Reports expressed concern about available Treasury law enforcement resources and infrastructure issues. In response, the Department of the Treasury, in coordination with the Office of Personnel Management, engaged a human resources management/consulting firm to prepare a series of issue papers. The issue papers involve senior executive service staffing; economy of scale/technology; human resource planning and workforce productivity; quality of work life; external funding; and training. In addition, I am pleased to inform the Committee that, as identified below, Treasury also conducted a series of complementary studies. Together, these efforts outlined the issues and challenges facing Treasury's law enforcement bureaus. More importantly, the contractor has proposed strategies and next steps to help ensure that they will have the human and technical resources necessary to meet mission demands now and in the future. For certain, additional work will be needed to address the overall aspects of this endeavor.

There are many challenges that compel us to focus on these issues including an increasingly more demanding and complex operating environment, highly sophisticated and complex criminal activities, growing use of the internet, globalization, and the requirements to do more and having to do it with less.

The contractor's report contains recommendations for next steps in a number of areas, some of which are listed here. However, it is important to note that this report does note connote Administration policy.

Topics	Issues	Next Steps
Senior Executive Service Staffing Levels	SES slot allocation; actual number of SES slots needed to carry out the law enforcement mission.	Develop proposal for achieving additional SES slots.
Technology and Economy of Scale	Importance of technology in Treasury Law Enforcement Bureau's work; use of complex technology by criminals.	Review technology needs in the context of the new administration's goals and bureau strategic plans. Develop plans for dealing with the insertion of new technologies.
Optimizing Staffing in Field Offices	Staffing of core occupations; reviewed each bureau's organization, workforce, workload, and work	Develop pilot offices; determine needed workforce profiles; and assess the costs.

	processes.	
Workforce Competencies and Compensation	Focus on workforce competencies and compensation	Determine competitive levels of compensation and benefits.
Quality of Work-Life	Issues that positively and negatively affect employment (e.g. assignment to hardship posts).	Invest further study and attention into critical quality of work-life issues.

Topics	Issues	Next Steps
External Funding and Partnerships	How the Bureaus can partner with external organizations, such as commercial industry or trade associations, to help meet anticipated resource requirements.	To further develop the best ideas through a multi level review process.
Training	Identification of training needs that cut across bureaus; process for development of joint training; strategies for integration of programs into bureau specific curricula.	Enhance current efforts to facilitate inter-bureau training and the use of technology

Further investments may be warranted to capitalize on many of the ideas and strategies proposed from both the external and internal efforts from this project.

Hiring and Agent Staffing

Retention of employees who have years of experience and in whom we have invested long hours of training is critical. In that regard, the Department has made progress toward meeting the challenges of improving our capacity to develop and retain high-caliber employees. Specifically, we have worked to address workforce retention and workload balancing issues with the aforementioned comprehensive studies. The analysis confirmed that agents and other core occupations are experiencing increased travel, longer working hours, and shortages in technologically current equipment. However, I am pleased to note that several FY 2001 initiatives are being continued in FY 2002, and with the Committee's support this will enable us to respond to these challenges effectively.

Senior Executive Service (SES) Allocations

Allocation of SES positions within Treasury law enforcement bureaus is of vital concern to our present and future leadership planning. This represents one of our highest cross-cutting human resource priorities. This is one of the topics addressed in the contractor's report, as noted above.

Demonstration Pay Project

The Demonstration Project was established to enhance the Department of the Treasury's ability to recruit, develop, and retain highly qualified non-agent scientific and technical law enforcement personnel. It seeks to do so by implementing changes in personnel management practices for designated occupations. ATF recently launched its pay demonstration project for scientific and technical positions. The Demonstration Project emphasizes flexibility in approaches to recruitment, and establishes a pay-for-performance system designed to provide incentives to compete with state and local government and the private sector. ATF's

Demonstration Project consists of more than 250 employees within 13 divisions and includes occupations such as computer science, fingerprint analysis, firearms enforcement, document analysis, engineering, integrated ballistic information system specialist, firearms and tool making.

Paybands, a performance appraisal system, performance-based bonuses and pay increases, and certification and licensure bonuses are some of the interventions being used to develop a higher performing workforce. By all counts, I am confident that this effort is a good barometer of the future for all of the Federal government.

As required by law, we recently provided the Congress with the Demonstration Project Interim Evaluation Report. It provides an assessment of the effectiveness of the project. The interim findings and conclusions state that participating employees are paid more and that they want to continue with the Project. They recognize the link between pay and individual performance. The Report also notes that management needs to make improvements to the performance appraisal system and improve communication to achieve Treasury objectives. Because the interim recommendations were made after just one year's experience with the human resources interventions, this project needs to be extended to fully assess its effectiveness. Our extension request is included in the President's April 9, 2001 budget. We thank the Subcommittee for its support on this project, as we look forward to completing the research and making this capacity permanent.

Improving the Office of Enforcement

We also are working to improve the Office of Enforcement. In March, the General Accounting Office completed its report on the Office of Enforcement, entitled Department of the Treasury: Information on the Office of Enforcement. In addition to making a number of constructive observations, the report recommended that the Under Secretary for Enforcement "strengthen internal control by developing a policies and procedures manual to ensure that the policies and procedures on the circumstances under which the bureaus interact with Enforcement are clearly defined, documented and readily available for examination by bureau officials and others." I want to assure you that we have begun to review our policies and procedures and develop a plan to comply with this recommendation.

TECHNOLOGY

It is especially important for Treasury law enforcement to define and pursue strategies that ensure adequate technological resources are available to support our law enforcement missions and bureaus. Computers and the Internet are an integral part of an ever-increasing number of criminal activities investigated by Treasury bureaus. We have seen computer-generated and computer-assisted fraud dramatically increase. Criminals, in the furtherance of their illegal schemes, frequently utilize hardware and software tools developed for the benefit of businesses and consumers.

Because of the competitive nature of Internet-based financial services, the focus is on speed, "24/7" access, and ease of use; all of which make the job of the "cyber criminal" a little easier. The Internet also provides the anonymity that criminals desire. Alarmingly, the Internet contains thousands of sites dedicated to all types of criminal activity. "Hacking" sites describe the methods for making intrusions into financial, telecommunications, and government systems, and allow the necessary "tools" to be downloaded directly to the perpetrator.

For just about every new technology that is found to be useful in the conduct of criminal endeavors Treasury law enforcement will have to make a decision on countering these technology related thrusts and find ways to master the relevant technologies. Without continuous technical upgrading and training, the criminal element may acquire an advantage over law enforcement in the fast growing areas of cyber-crime and communications countermeasures. We must meet this threat with technology, knowledge, and law enforcement personnel who have true mastery of these offensive or defensive tools to thwart, control, or reduce crime. Technology infusion and managing technology obsolescence, though at times resource draining, are essential tools for maintaining the decisive edge for the enforcement and protection mission. As noted earlier, we are planning to conduct a follow-on review of law enforcement technology needs and technology strategies to support the new administration's goals.

MEETING OUR STRATEGIC GOALS

Of course, the purpose of focusing on our infrastructure, human resource and technology needs is to enhance our abilities to meet our law enforcement missions. Treasury's law enforcement bureaus have a distinguished record of service. We are committed to building on this record and achieving even greater performance.

TREASURY STRATEGIC GOAL: COMBAT MONEY LAUNDERING AND OTHER FINANCIAL CRIMES

Money Laundering and Financial Crimes

The Office of Enforcement and the Treasury enforcement bureaus continue to lead the U.S. government's efforts in the domestic and global fight against money laundering and related financial crimes. Treasury continues to author the National Money Laundering Strategy in conjunction with the Department of Justice. This strategy aims to attack not only the proceeds of narcotics trafficking, laundered, for example, through the Black Market Peso Exchange system, but also the illicit proceeds generated by child pornographers, trade fraud, terrorists, arms traffickers, and those who defraud the elderly.

FinCEN and the Treasury enforcement bureaus continue to work to improve feedback to the industry regarding the utility of the Suspicious Activity Reports (SARs) filed by financial institutions. SARs are a critical component of law enforcement's ability to detect and combat money laundering. Many investigations are made or enhanced through the use of a SAR, and we are working with industry to help them understand better how law enforcement uses SARs through "The SAR Activity Review," published under the auspices of the Bank Secrecy Act Advisory Group. SAR review committee groups are being established in the major metropolitan areas to prevent duplication of investigative efforts.

Treasury Enforcement leads the U.S. delegation to the Financial Action Task Force (FATF) and its project to identify Non-Cooperative Countries and Territories (NCCTs). In addition to contributing actively to the FATF NCCT effort, Treasury has informed our domestic financial institutions about the risks posed by the 15 NCCT jurisdictions identified by FATF last June. FinCEN has issued formal advisories to alert U.S. financial institutions to specific deficiencies in the counter money laundering regimes in these 15 jurisdictions and to encourage our institutions to apply enhanced scrutiny to transactions involving them. Treasury has worked both with our allies and with officials from the NCCTs themselves to correct the shortcomings in law, regulation, and practice that elevate the risk of money laundering activity in these locales. We are pleased with the progress being made in many of these named jurisdictions and feel that it is directly attributable to this FATF exercise. We believe that the second round of NCCT reviews, scheduled to be completed by June, will have a similarly beneficial result.

Money Service Business (MSB) Regulatory Program

In the United States we are continuing to move forward on several fronts to strengthen the nation's anti-money laundering program. A little more than a year ago, FinCEN issued a final rule requiring registration of money services businesses -- money transmitters, check cashers, money order and traveler's check businesses, and currency exchangers. The new rules will allow law enforcement authorities for the first time to have a firm idea of the size and location of the 200,000 or so entry points into the financial system that those businesses can represent. FinCEN has also issued a final rule requiring suspicious transaction reporting by money transmitters and money order and traveler's check businesses; that rule is also currently scheduled to take effect at the beginning of next year.

Our priority is ensuring a smooth and effective implementation of both the registration and suspicious activity reporting rules, taking into account what we learn during this critical implementation period. A delay in the effective date of suspicious transaction reporting might be helpful to assure smooth sequencing of the new obligations, but no final decision has been made on this point.

During this implementation period, FinCEN is conducting an extensive outreach program to educate the MSB community about their registration and reporting obligations. On-going consultations are taking place with MSB industry representatives and a series of focus group meetings have been held in Chicago, Los Angeles, and New York. In addition, FinCEN is working closely with the Internal Revenue Service, a key partner with respect to oversight compliance by the MSB industry, to ensure that an enforcement and compliance infrastructure is in place by the time the SAR regulation takes effect.

White Collar/High Tech Crime

Treasury's enforcement bureaus also protect our children from on-line pornographers, enhance the safety of worldwide e-commerce, and enforce the intellectual property rights of U.S. industry from unscrupulous pirates. Treasury's law enforcement agents are recognized leaders internationally in the fight against high-tech crime in all of its manifestations; routinely provide important investigative and forensic assistance to their state and local law enforcement colleagues; and have earned the respect of the private sector industry through their effective handling of cases. Treasury agents have, for example, prevented a computer hacker from shutting down an on-line stock trading service and tracked and captured a hacker who caused the catastrophic shutdown of a medical diagnostic facility's computer network and communication system. Treasury maintains a Department-wide initiative to ensure that all of its law enforcement bureaus have a technically skilled and highly equipped set of agents to investigate these type of cases, and has deployed nearly 200 Computer Investigative Specialists (CISs) throughout the nation. The CIS program ensures that Treasury agents can handle evidence in whatever media it is stored. Treasury's enforcement jurisdiction in an increasingly high-tech and wired world.

Black Market Peso Exchange (BMPE)

Treasury's counter-narcotic efforts have both a domestic and international dimension. Our initiatives to combat the BMPE, the largest money laundering system in the Western Hemisphere and the primary conduit for Colombian drug cartels, are a good example of this approach. Anecdotal law enforcement evidence, informant statements, and other evidence suggests that between $3 - $6 billion is laundered annually using the BMPE system.

Three years ago we established a multi-agency BMPE Working Group which has developed and implemented an aggressive strategic plan to combat this form of money laundering. The Money Laundering Coordination Center ([MLCC] created and operated by the Customs Service has proven instrumental in fighting the BMPE), is designed to synthesize intelligence from investigations targeting the BMPE. Housed at FinCEN, the MLCC has proven instrumental in fighting the BMPE. Combating the BMPE is a law enforcement priority.

In addition to these law enforcement efforts, the Department of the Treasury and the Department of Justice have developed and implemented an aggressive outreach program to make the U.S. business community knowledgeable of the operations of, and their vulnerability to, the BMPE system. Treasury and Justice are working with business leaders in their efforts to develop, adopt, and implement money laundering compliance programs and best practices guidelines that will aid their companies in avoiding BMPE transactions.

To promote awareness of the BMPE process and its detrimental effects on the global economy, Treasury has created the International BMPE Exchange Task Force. This Task Force is comprised of experts from Aruba, Colombia, Panama, United States, and Venezuela who will examine the operations of the BMPE as a money laundering system and will recommend policy options and actions that can be taken to effectively detect, deter, and prosecute BMPE money laundering.

TREASURY STRATEGIC GOAL: PROTECT OUR NATION'S BORDERS AND MAJOR INTERNATIONAL TRANSPORTATION TERMINALS FROM TRAFFICKERS AND SMUGGLERS OF ILLICIT DRUGS

Counter-Narcotics

The Southwest Border (SWB) between the U.S. and Mexico continues to provide a significant challenge to Treasury's law enforcement operational mission. In FY 2000, 293 million people, 89 million cars and 4.5 million trucks entered the United States from Mexico. This immense and growing volume of traffic represents an opportunity for those who would violate U.S. law, making control of our borders and ports of entry essential. Government estimates continue to indicate that nearly two-thirds of the cocaine entering the U.S. comes across the SWB.

Multiple government agencies are tasked with maintaining the flow of legal migration and trade while protecting the United States from the smuggling of drugs, illegal aliens, and other contraband. Customs has primary responsibility for ensuring that all movements of cargo and passengers that enter the United States comply with Federal law. Customs is also the lead agency for investigating and preventing drug smuggling into the U.S.

The challenges we face are significant and complex, but not insurmountable. Working through the Border Coordination Initiative, we have improved our law enforcement capabilities along the SWB. Under Treasury and Justice enforcement guidance, and with significant emphasis on interagency cooperation and locally developed innovation, we have improved port coordination, intelligence gathering and enforcement. We have also enhanced communication, coordination, and operational effectiveness of federal law enforcement while still facilitating the movement of legitimate commerce across the SWB.

Plan Colombia

Since mid-1999, Treasury Enforcement has participated in efforts to assist the Government of Colombia in efforts to stop narcotics production and trafficking in that country. The $1.3 billion "Plan Colombia" was passed by Congress to assist that. The Office of Enforcement has played a major role in the development of the components of that Plan and the contributions in support of its implementation.

The Plan Colombia legislation included funding for Treasury programs, including $68 million for upgrading the radar in the Customs P-3 fleet, $2 million for OFAC sanctions activities, $1 million for banking supervision assistance, and $500 thousand for tax revenue enhancement. Funds provided to the State Department for assistance and training programs are also being used by Treasury bureaus to train the newly-formed Colombian Customs police force, to support Customs Americas Counter Smuggling Initiative and to provide maritime enforcement and port security assistance.

In addition Treasury's enforcement bureaus – ATF, Customs, IRS-CID, USSS, and FinCEN – under the Office of Enforcement's lead, have developed plans to participate in a variety of law enforcement efforts such as enhancing the Colombian financial intelligence unit and thwarting the BMPE and other money laundering, smuggling, and counterfeiting activities.

TREASURY STRATEGIC GOAL: REDUCE VIOLENT CRIME AND THE THREAT OF TERRORISM

Firearms Violence

We remain dedicated to reducing firearms violence through ATF's enforcement of the firearms laws. The President's budget permits ATF to maintain this enhanced level of effort and move forward with its comprehensive strategy to reduce violent crime.

As Director Buckles' will discuss in more detail during his testimony, the IVRS sets forth an aggressive three-part plan to reduce gun violence by coordinating ATF's firearms enforcement efforts to: (1) identify, investigate, and recommend prosecution of violent criminals and others who illegally use, possess, or attempt to acquire firearms; (2) deny access to firearms for criminals and others who cannot legally possess them through fair and careful regulation of the firearms industry and proactive investigation of illegal traffickers of firearms; and (3) break the cycle of violence and prevent firearms crimes through community outreach. ATF has enjoyed significant success in implementing this strategy. For example, in FY 2000, ATF's efforts led to the conviction of 1,595 armed career criminals, armed drug traffickers, and other violent or prohibited persons who used, possessed, or attempted to acquire firearms. The President's budget request for ATF will enable us to build on this success.

Counterterrorism

The President's FY 2002 budget seeks resources that will enable Treasury to continue to apply its unique expertise and assets to the federal government's efforts to combat terrorism. Treasury's wide-ranging counterterrorism responsibilities include preventing the unlawful traffic in firearms and explosives, protecting the President and other officials, enforcing the laws controlling the movement of assets, and enforcing the laws relating to exports from or imports into the United States of goods and services. In short, Treasury enforcement bureaus have the legal authority and the essential expertise to perform missions that are critical to the security of the United States, including:

- ATF has primary jurisdiction for the prevention of unlawful trafficking in firearms and explosives. ATF conducts over 90% of all federal bombing investigations and maintains the Federal National Repository on Bombing Incidents.

- Customs is the guardian of our nation's borders. It's counterterrorism mission is twofold: protect our nation from the introduction of Weapons of Mass Destruction (WMD) and prevent international terrorists from obtaining WMD materials, technologies, arms, funds to support their activities. Customs enforces the laws and regulations that directly relate to the responsibilities entrusted to the Department of the Treasury under Presidential Decision Directive 39. These violations include the smuggling of contraband into the United States; the illegal export of licensable technologies and arms; violations of international sanctions, embargoes and related money laundering statutes. Customs places special emphasis on violations that involve international terrorists, rogue regimes pursuing WMD development programs, and countries which support international terrorism.

- The FLETC offers a variety of programs aimed at assisting federal, state and local authorities in their efforts to combat terrorism.

- FinCEN unique ability to "follow the money" strikes at the very heart of terrorist organizations. Through the use of a wide array of databases, FinCEN is able to reveal complex financial networks supporting terrorist activities.

- IRS-CI provides the expertise to deter one of the primary means of funding for terrorist organizations-tax fraud. The financial expertise of IRS-CI is best utilized in the investigation of various tax schemes, money laundering and the creation/use of illegal tax-exempt organizations.

- OFAC administers United States economic sanctions against foreign governments and organizations that support terrorism. OFAC's sanctions prohibit any financial transactions or dealings with terrorist sponsoring countries and foreign terrorist organizations and provide the blocking of assets of terrorist countries and entities by Treasury.

- The United States Secret Service (USSS) protects our nation's leaders, the White House complex and certain foreign dignitaries. In addition, the USSS is now the lead agency for the design, planning and implementation of security for events that have a high potential for attracting terrorist activity. The National Security Council proposes to the Attorney General and Secretary of the Treasury events to be designated National Special Security Events. Additionally, the USSS protects our financial infrastructure through its investigations of counterfeiting, forgery, bank fraud, access device fraud computer intrusion, telecommunications fraud, false identities and fictitious instruments.

National Threat Assessment Center (NTAC)

The Secret Service NTAC develops and provides threat assessment training and conducts operational research relevant to public official, workplace, stalking/domestic, and school-based violence. The NTAC provides assistance to other federal agencies, as well as other state, local agencies and organizations interested in developing threat assessment programs.

Foreign Terrorist Asset Tracking

Congress provided funding in FY 2001 for OFAC to develop a Foreign Terrorist Asset Tracking (FTAT) Center. The FTAT Center will be responsible for developing government-wide strategies to counter terrorist fundraising and to incapacitate their financial holdings within the US, and to assist other countries to employ similar strategies. Such strategies will bring to bear the full weight, influence, and authority of the federal government -- regulatory, diplomatic, defense, intelligence, and enforcement communities. Several agencies with counterterrorism responsibilities have committed to participate in the FTAT Center -- by providing the FTAT Center with all relevant information, by detailing specialists to analyze the data, and by appointing special liaisons to cement the constant interaction of the member organizations. OFAC is now hiring the FTAT Center's permanent staff and is working with participating agencies to identify detailees and liaisons.

TREASURY STRATEGIC GOAL: PROTECT OUR NATION'S LEADERS AND VISITING DIGNITARIES

Winter Olympics

The President's FY 2002 budget identified a $51.6 million resource need to support the FY 2002 Olympic requirements for Treasury law enforcement bureaus. This assumes 1,681 law enforcement officers will be needed to carry out the security plan. An additional, 300 support personnel will be provided. Most of the costs incurred during FY 2002 will be for travel and overtime directly related to the games. However, costs will also be incurred to continue the operation of several coordinating centers, to conduct additional contracted training, for miscellaneous contractual service, to purchase cold weather clothing and to move employees out of Salt Lake City at the conclusion of the Olympics. The number of law enforcement officers from Treasury bureaus is projected at 1,075, with the remainder of 606 to come from outside of Treasury.

The Secret Service is the lead federal agency for designing, planning, and implementing security for designated National Special Security Events (NSSE). The 2002 Winter Olympics has been designated an NSSE and will occur February 8-24, 2002, in 15 major sporting event venues in and around Salt Lake City. In addition to providing a secure environment for the Olympic athletes and for spectators from all over the world, the Secret Service will also be responsible for providing security for numerous foreign heads-of-state/government, who attend Olympic events. The Secret Service will also provide security for the President and Vice President of the United States while they participate in the opening and closing ceremonies, as well as, any Olympic competitions they may decide to attend.

In addition to NSSE requirements, Treasury enforcement is a member of the Public Safety Utah Command. ATF has the responsibility to assist in the following activities: (1) prevent, detect and respond to arson and explosives activities; (2) provide bomb "render safe" technicians, explosives detecting canines, tactical special response teams, and tactical emergency medical technicians; and (3) provide intelligence analysis of threat data, as well as firearms and explosives tracing.

The Customs core mission responsibilities focus on the entry of equipment, cargo, and individuals participating or attending the games. The primary emphasis will be on the enforcement of intellectual property right violations of Olympic merchandise and antiterrorism efforts on the Northern Border.

TREASURY STRATEGIC GOAL: PROVIDE HIGH QUALITY TRAINING FOR LAW ENFORCEMENT PERSONNEL

To address some of the strain from increased demand for training, we have been exploring ways to use the latest technology to provide alternative means of delivering training courses. Recognizing that the FLETC facilities cannot accommodate all of the requests for training that are likely to arise in the future, we are searching for ways to use the Internet and video conferencing to provide needed training.

Likewise, the need for advanced training to keep law enforcement officers abreast of the latest trends in fighting crime is critical. We have been working closely with FLETC to explore ways to enhance training to address high-tech crime. One example of this approach is Computer Investigative Specialist (CIS) 2000 training. This course, which includes agents from the Secret Service, Customs, the IRS-CI, and ATF, uses state-of-the-art training and equipment to teach agents how to deal with the latest computer and encryption technology that they may encounter in conducting an investigation. The CIS 2000 agents have achieved many notable successes in their investigations of counterfeiting, money laundering and various types of fraud as a result of this course.

TREASURY STRATEGIC GOAL: MAINTAIN U.S. LEADERSHIP ON GLOBAL ECONOMIC ISSUES

Trade Enforcement and Facilitation

In the area of Regulatory and Trade Enforcement our goals have been to ensure that laws affecting trade and regulated industries are effectively enforced without unnecessarily burdening legitimate commerce. An effective means of realizing both goals is through targeting enforcement actions and extending the capabilities of our finite manpower with automated information management systems. We have also pursued international standardization of trade regulation as a means of enhancing enforcement cooperation while reducing the burden on business. The FY 2002 budget request includes $130 million for continued work on the Customs Automated Commercial Environment (ACE) and $123 million for life support for the antiquated Automated Commercial System (ACS). Developing the ACE system is vital to Customs ability to effectively carry out its trade and other enforcement missions.

CONCLUSION

In this statement I have been able to touch on only some of the important programs of Treasury's enforcement bureaus. Each bureau head will address our programs in greater detail. And, of course, I shall be pleased to respond in writing to any questions you want to direct to me about any of our programs.

In conclusion, Mr. Chairman, again I would like to thank you, Senator Dorgan, and the other Members of this Subcommittee for your support of Treasury's law enforcement programs. Our law enforcement bureaus have grown, they are better equipped, and they have become more professional as a result of your oversight and support.

I also would like to thank the staff of this Subcommittee for its professionalism and patience not only this year, but also in past years. We have wrestled with the problems that inevitably accompany growth and a rapidly changing set of challenges. I do not want to miss this opportunity to express my appreciation and gratitude.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBORARDED UNTIL 10:00 A.M. ED
Thursday, May 10, 2001

Contact: Public Affairs
(202) 622-2960

STATEMENT OF PETER FISHER NOMINEE FOR UNDER SECRETARY OF THE TREASURY FOR DOMESTIC FINANCE TO THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS UNITED STATES SENATE

Chairman Gramm, Ranking Member Sarbanes, and members of the Committee on Banking, Housing and Urban Affairs, thank you for the opportunity to appear before your committee today. I am honored that President Bush has nominated me to serve as Under Secretary of the Treasury for Domestic Finance and, if confirmed, to have the opportunity to work with Secretary O'Neill, the Treasury staff, and others in the administration to advance the President's economic agenda.

If confirmed, I also look forward to working closely with this Committee, the Senate, and with members of the House of Representatives on the broad range of issues addressed by the Office of Domestic Finance.

The strength and resilience of our nation's system of financial intermediation is itself a precious asset. In addition to serving as an advisor to Secretary O'Neill on debt management and fiscal policy issues and on capital market and financial institution issues, I especially hope to have the opportunity to work with this Committee to improve upon the efficiency with which our financial system converts the savings of the American people into productive investment.

My fifteen years of experience with the Federal Reserve Bank of New York has given me the opportunity to learn first-hand about the forces shaping the increasingly global banking and capital markets. As manager of the Federal Reserve's monetary operations since 1995, I have been afforded the unique vantage point of active participation in financial markets from a position of public responsibility. In this capacity I have worked with members of the Board of Governors and the Reserve Bank Presidents in the formulation and implementation of monetary policy. I have worked with senior Treasury officials on debt management and capital market issues and in the implementation of exchange rate policy. In both of these capacities, I have had the opportunity to learn from the experience of central bankers and finance ministry officials from around the world.

PO-369

Mr. Chairman, thank you again for the opportunity to appear before the Committee. I hope this will be the beginning of a strong working relationship. I would also like to thank Secretary O'Neill for the confidence he has shown in me by supporting me for this job. I would be pleased to answer any questions that you and other members of the Committee may have.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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For Release Upon Delivery
May 10, 2001

Contact: Public Affairs

Statement of R. Richard Newcomb, Director of the Office of Foreign Assets Control U.S. Department of the Treasury before the Senate Appropriations Committee Subcommittee on Treasury and General Government

Chairman Campbell, Senator Dorgan, and Members of the Subcommittee, I am pleased to have the opportunity to speak to you today about the work of the Treasury Department's Office of Foreign Assets Control, or "OFAC," as we are commonly called. OFAC administers economic sanctions against foreign countries, entities and individuals to further U.S. foreign policy and national security objectives. These sanctions programs are normally imposed pursuant to a declaration of national emergency by the President under specific statutory authority, but may also be imposed directly by the Congress, as in the case of legislation pertaining to foreign terrorist organizations and narcotics kingpins.

OFAC currently administers twenty-one economic sanctions programs involving assets freezes and/or trade embargoes, including programs directed against Angola (UNITA), Burma, Cuba, Iran, Iraq, Libya, North Korea, Sierra Leone, Sudan, the Taliban in Afghanistan, foreign terrorists and foreign narcotics traffickers. (See the attached chart for a complete list of OFAC programs.) In performing its mission, OFAC relies principally on the President's broad powers under the Trading With the Enemy Act ("TWEA"), the International Emergency Economic Powers Act ("IEEPA"), and on occasion, the United Nations Participation Act ("UNPA"), to prohibit or regulate commercial or financial transactions involving specific foreign countries, entities and individuals. These powers are employed to freeze, or block, foreign assets by prohibiting transfers of those assets which are located in the United States or in the possession or control of U.S. persons, as well as to prohibit financial transactions (such as bank lending), imports, exports and related transactions. These sanctions programs may be either selective, prohibiting a specific class of economic transactions (such as transactions with the government of the target country), or comprehensive, prohibiting all unlicensed economic transactions involving the designated country or its nationals. OFAC's blocking authority has also been employed to protect classes of assets, as in the case of the 1990 freeze of Kuwaiti assets after Iraq's invasion of Kuwait, or in the case of assets pertaining to the implementation of agreements between the United States and the Russian Federation relating to the disposition of highly enriched uranium.

PO-370

Organizationally, OFAC is composed of the following components:

1) Licensing Division -- Makes determinations on requests for specific licenses -- processing more than 18,000 such requests during the past twelve-month period-- and provides guidance to the public with respect to interpretive rulings and transactions authorized by general license. The influx of requests for licenses and interpretive rulings under the twenty-one separate programs OFAC administers has increased dramatically. In an effort to meet this demand and provide responsive and thorough customer service, OFAC is instituting measures to: process licenses within two weeks absent the need for interagency consultation; hire additional personnel to respond to phone inquiries; promote transparency of agency action by publishing interpretive rulings on its website; and issue implementing regulations within sixty days of the issuance of an Executive order or enactment of legislation with an opportunity for public comment.

2) Compliance Division -- Serves as the primary point of contact for the financial community, fielding more than 45,000 "hotline" calls per year to provide guidance on in-process transactions. Last year, the calls resulted in denying access to the U.S. banking system to more than 5,500 items that were contrary to U.S. sanctions and the blocking of more than 2,000 transactions. As a result of regulatory audits which it conducts, the Compliance Division opened 1,000 cases in FY 2000 and issued more than 1,000 "administrative demands for information," culminating in 205 referrals to either the Civil Penalties or Enforcement Divisions and the issuance of more than 500 Warning Letters. This OFAC Division also monitors adherence to the terms of licenses and requirements regarding blocked property; conducts public and private sector awareness programs to assure familiarity with requirements for compliance with regulations; and maintains and updates OFAC's public informational material, website, and fax-on-demand service.

3) Blocked Assets/Information Technology Division -- Maintains OFAC's aggregate database of blocked assets; coordinates multilateral sanctions implementation with foreign governments; and develops and implements information technology systems in OFAC.

4) International Programs Division -- Administers the Specially Designated National, Specially Designated Terrorist, Specially Designated Narcotics Trafficker, and Foreign Terrorist Organization programs, as well as designations under the Foreign Narcotics Kingpin Designation Act, including the preparation of two annual Presidential reports to the Congress and an annual report to the Congress on blocked terrorist assets; and coordinates certain multilateral enforcement matters with foreign governments.

5) Enforcement Division -- Coordinates overall enforcement of sanctions programs by making referrals to Customs and other law enforcement agencies for criminal investigations, opening sixty investigations during 2000; provides technical advice and assistance to Customs agents and inspectors and Assistant U.S. Attorneys concerning suspected violations, with six criminal prosecutions brought in 2000; and administratively pursues non-criminal cases for civil penalty consideration, opening 1544 new civil cases for investigation with 515 referrals for civil penalty consideration during 2000 (see attached chart).

6) Civil Penalties Division -- Administers the civil penalties program for violation of sanctions laws administered by OFAC, processing more than 2,000 cases and collecting more than $3.2 million in fines over the course of the past year (see attached chart).

7) Policy Planning and Program Management Division -- Performs policy analysis; coordinates interoffice and interagency program implementation and regulatory issues; and currently prepares thirty-five statutorily required Presidential reports and fourteen Notices of Continuation of emergency authorities per year to the Congress.

Other components of OFAC include the Miami Office, which coordinates certain Cuba licensing, compliance and enforcement matters, and the Bogota Office, which coordinates the Colombian narcotics traffickers program and conducts research on specially designated narcotics traffickers. Offices are also being established in Mexico City and Bangkok in support of OFAC's implementation of the Foreign Narcotics Kingpin Designation Act. A ninth division within OFAC is also being organized to establish the Foreign Terrorist Assets Tracking Center. In addition, while not organizationally part of OFAC, Treasury's Office of the General Counsel devotes a complement of attorneys to providing OFAC legal support in the administration of its programs.

I would like to focus the remainder of my remarks today on OFAC's increasing responsibilities to administer economic sanctions with respect to foreign terrorists, particularly with regard to the establishment of the Foreign Terrorist Asset Tracking Center, as well as economic sanctions programs targeting foreign narcotics traffickers.

OFAC's International Programs Division has historically been responsible for compiling available evidence establishing that certain foreign entities or individuals are owned or controlled by or acting for or on behalf of a foreign government subject to an economic sanctions program. These entities and individuals then become "specially designated nationals," and are subject to the same sanctions as the foreign government to which they are related. In 1995, the President used his authority under IEEPA to declare national emergencies with respect both to terrorists who threaten to disrupt the Middle East Peace Process and significant narcotics traffickers centered in Colombia. These declarations of national emergency marked the first occasion that this statutory authority had been invoked to directly target organizations and individuals, rather than hostile foreign regimes.

Since the inception of the Colombia program in 1995, OFAC has identified 578 businesses and individuals as specially designated narcotics traffickers ("SDNTs"), consisting of ten cartel leaders of the Cali, North Valle, and North Coast drug cartels, 231 of their businesses and 337 other individuals. Four of the most notorious Colombian drug kingpins were identified in the Executive order itself. OFAC has added six more Colombian drug cartel leaders since 1998, including four leaders of Colombia's powerful North Valle drug cartel named in 2000 and 2001. United States persons are prohibited from engaging in financial or business dealings with the ten drug kingpins and the 568 other SDNTs.

As a result of the SDNT program against Colombian drug cartels, traffickers' companies have been forced out of business, are suffering financially, and have been isolated both financially and commercially. By May 2001, more than sixty SDNT companies, with an estimated annual aggregate income of more than U.S. $230 million, have been liquidated or are in the process of liquidation. SDNTs are denied access to banking services in the United States and Colombia and have been denied access to the benefits of trade and transactions involving U.S. businesses. SDNT individuals have been denied U.S. visas or had their visas revoked. OFAC will continue to identify businesses of the Colombian drug cartels and to expand the SDNT list to include additional drug traffickers and their organizations.

Economic sanctions were imposed by the President pursuant to IEEPA in 1995 against terrorists who threaten to disrupt the Middle East Peace Process. This action was taken to combat fundraising in the United States on behalf of foreign terrorist organizations identified in an annex to the implementing Executive order. In August 1998, a second Executive order was issued expanding the list of foreign terrorists to include Usama bin Ladin, his organization (Al-Qaeda), and two other individuals. In addition to the thirteen terrorists and terrorist entities identified by Executive order, OFAC has authority to designate organizations or individuals, known as "specially designated terrorists" or "SDTs," that are owned or controlled by, act for or on behalf of, or that provide material or financial support to these terrorists. As a result of these sanctions, a number of individuals acting on behalf of the Middle East terrorists have been subjected to sanctions, and financial assets of some of these groups have been blocked.

We believe that the sanctions have had a deterrent effect on fundraising in the United States and have impeded terrorists' use of the U.S. financial system. OFAC continues to work closely with Justice, State, the FBI, and other Federal agencies in implementing the two Middle East terrorist Executive orders against identified or potential SDTs.

In April 1996, Congress passed the Antiterrorism and Effective Death Penalty Act ("Antiterrorism Act"), in part to prevent U.S persons from providing material support or resources to Foreign Terrorist Organizations ("FTOs") throughout the world. Currently, twenty-nine FTOs are subject to OFAC-administered sanctions, having been designated by the Secretary of State in consultation with the Secretary of the Treasury and the Attorney General. Under the Antiterrorism Act and OFAC's implementing regulations, U.S. financial institutions must maintain control over all funds in which an FTO has an interest, block financial transactions involving FTO assets, and report those actions to OFAC. OFAC is the coordination point with State and Justice on FTO designations and also has responsibility for coordinating with the financial community, the FBI, State, and other Federal agencies in implementing the prohibitions of the Antiterrorism Act.

In December 1999, the Congress also passed the Foreign Narcotics Kingpin Designation Act (the "Kingpin Act"), which is modeled after OFAC's Colombia narcotics traffickers program. The Kingpin Act provides a statutory framework for the President to impose sanctions against foreign drug kingpins and their organizations on a worldwide scale. Like the Colombia program, the Kingpin Act is designed to deny these significant foreign narcotics traffickers and their organizations, including their related businesses and operatives, access to the U.S. financial system and to all trade and transactions involving U.S. companies and individuals. The President named the first twelve kingpins ("tier one designations") on June 1, 2000. The President plans to make the next list of kingpins public by June 1, 2001. OFAC also has authority under the Kingpin Act to make derivative ("tier two") designations of the kingpins' businesses and agents. These tier two designations are very important to the long-term practical impact and effectiveness of the Kingpin Act, since they target entities through which the kingpins penetrate legitimate commerce.

OFAC's sanctions programs against foreign narcotics traffickers and foreign terrorists expose and impede money laundering activities, terrorist fundraising and financial flows. While these activities continue to be coordinated with traditional law enforcement agencies, we believe that counter-terrorism activities against foreign terrorists will be greatly enhanced by the establishment of the Foreign Terrorist Asset Tracking Center (the "Center"). Last year, the Report from the National Commission on Terrorism (the "Bremer Report") recognized the potential for more effectively employing the broad sanctions authorities delegated to OFAC and recommended the development of a joint task force of relevant U.S. government agencies to develop strategies to counter terrorist fundraising. The Bremer Report also recommended that the Secretary of the Treasury create a unit within OFAC, dedicated to the issue of terrorist fundraising. The Congress subsequently provided funding to Treasury for FY 2001 to develop the Center, in coordination with the relevant USG agencies.

The Center's mission is to gather information from all sources relating to terrorist groups' sources and methods of fundraising and funds movement. The Center will use this information to conceptualize, coordinate, and implement strategies within the US government that could ultimately lead to denying these target groups access to the international financial system; impair their fund-raising abilities; expose, isolate, and, where appropriate, block their financial transactions; and work with other friendly governments to take similar measures. The Center will accomplish this mission by:

1) gathering information from all sources relating to terrorist groups' sources and methods of fundraising and funds movement;

2) reviewing data regarding the fundraising activities and funds of terrorist groups that threaten the US national security;

3) assessing the sources and methods of fundraising and funds movement of each targeted foreign terrorist group, and of their operatives and terrorist-owned entities;

4) tracking all information about the nature, operations, goals, and methods of each terrorist group, related especially to the movement and placement of their assets;

5) sharing all relevant information and analysis, as appropriate, with US regulatory, diplomatic, defense, intelligence and enforcement communities;

6) conceptualizing and developing implementation strategies to deny targeted terrorist groups access to the international financial system, and whenever possible, to expose, isolate and incapacitate their financial holdings within the United States and in other countries;

7) developing strategies to deny these targets the ability to conduct financial transactions with US entities and individuals and impair their fundraising abilities; and

8) persuading foreign governments to take similar measures.

Such strategies would bring to bear the full weight and influence of the Federal government relating to financial matters -- regulatory, diplomatic, defense, intelligence and enforcement communities -- and involve foreign and domestic actions.

OFAC is currently in the process of establishing the Center and USG agencies with counter-terrorism responsibilities have committed to participate in the Center by: 1) providing the Center with all relevant information; 2) detailing specialists to analyze the data; and 3) appointing special liaisons to cement the constant interaction of the member organizations. It is anticipated that the departments and agencies that will participate in or work with the Center are: 1) the Department of

Treasury -- OFAC, Customs, IRS, USSS, ATF, and FinCEN; 2) the Department of Justice, FBI, INS; 3) the CIA -- Office of Transnational Issues and the DCI's Counter-Terrorism Center; 4) the National Security Agency; 5) the Department of State -- Office of the Counter-terrorism Coordinator (S/CT); and 6) the Department of Defense.

The role of each agency would depend upon the target, and the circumstances of each target's fundraising, money movements, and placements modus operandi. Some terrorist groups are involved in multiple activities to produce income. These activities would also be covered under the Center's mission.

OFAC is currently hiring staff to implement the Kingpin Act, establish the Foreign Terrorist Assets Tracking Center and make the other improvements I've discussed. We currently have seventy-seven staff members on board, twenty-one position offers outstanding, and expect to hire an additional thirty-six positions -- eight of which involve reimbursable agreements with other agencies -- by the end of FY 2001. Crucial to the successful administration of these priorities is enhanced customer service, particularly with regard to the pending implementation of the Trade Reform and Export Enhancement Act of 2000. Your continuing support of our mission is critical.

Thank you very much for the opportunity to discuss these matters of grave concern to the Congress as well as the Executive Branch. I look forward to keeping you posted of our progress.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASES
April 23, 2001

Contact: Public Affairs
(202) 622-2960

UNITED STATES OF AMERICA Statement by U.S. Head of Delegation William E. Schuerch, Deputy Assistant Secretary International Development, Debt and Environment Policy U.S. Department of the Treasury EBRD Annual Meeting, London, UK

It is an honor to be with you again in London and to celebrate the Tenth Anniversary of the European Bank for Reconstruction and Development. I want to extend my sincere gratitude to our hosts, the Right Honorable Clare Short and the UK Governor and Right Honorable Gordon Brown, to Minister Laurent Fabius, Chairman of the Board of Governors, and to President Jean Lemierre for their warm hospitality.

Ever since the first proposals to create the EBRD began to circulate in 1989, the United States has been an enthusiastic and active supporter of this important institution. It is worth remembering how Secretary Nicholas Brady and his Treasury team in the first Bush Administration worked constructively alongside our European friends during 1989 and 1990 to create a whole new kind of institution dedicated to the problems of transition economies. It was a strong founding conception. Now more than ten years later a new team at Treasury under the leadership of Secretary Paul O'Neill and President George W. Bush looks forward to continuing our active participation. Indeed, in a speech in New York last Thursday, Secretary O'Neill reiterated the importance of all the international financial institutions in today's economy.

This tenth anniversary also affords us the pleasure of welcoming the delegation from EBRD's newest member country, the Federal Republic of Yugoslavia. We hope that EBRD will be able to support the Federal Republic's economic and political transition to a free, peaceful and prosperous market democracy.

PO-371

As we look back on the Bank's history, we should acknowledge the strong founding conception, but also a slow and, at times, rocky start. I remember well the early years when cumulative operating expenses exceeded the loan portfolio and when Bank officers had too hard a time focusing on transition impact rather than risk avoidance.

Overall, we should marvel at the progress made by both the Bank and the region, even as we acknowledge the further progress that might have been achieved with different regional leadership, policy and program choices. We recognize that much of the Bank's progress has resulted from the strong leadership provided by Presidents Jacques de Larosière and Horst Köhler. President Lemierre and Vice President Charles Frank continue in that tradition.

Today we can observe both remarkable and disheartening variations in country performance. That reform works is clear; countries that have achieved the deepest reform are performing best. But for all of the countries in the region – even the best performers -- there remains much work to be done.

The countries of Central Europe and the Baltics have, for the most part, established themselves on a path of growth and development. Having completed much of their progress through transition, a number of them are now members of the OECD and moving steadily toward entry into the European Union. Most importantly, they have greatly improved the lives of their people.

At the other end of the spectrum are a number of countries where there has been little meaningful reform, where poverty remains high, where political developments are troubling, and where economic conditions remain bleak.

Between these extremes, the slowing of Russia's growth this year has caused it to focus on the need for further reforms. We encourage Russia to take key steps to improve its investment climate by enforcing the rule of law, improving corporate governance, attacking nonpayments and barter and strengthening the banking system.

For Southeastern Europe, this is a time of potential. The improved political situation brings renewed possibility of post-conflict recovery and sustainable growth, provided that authorities focus on putting in place the measures needed to support private sector development.

The challenge for Bank shareholders, in light of the efforts and results to date, is to define and delineate the proper continuing role for the EBRD. Our Directors began this discussion as part of the Capital Resources Review and settled on a reasonable path for the next five years.

We believe the increasing disparity in country performance suggests that the Bank needs to intensify its focus on early transition economies. The imperative is to deploy the institution's resources in a focussed, effective and justifiable manner, where they can make the greatest difference in furthering the Bank's mission.

The Bank can effectively pursue its shift to early transition economies by improving the focus on transition objectives <u>and</u> results. The transition impact of a project should be explicitly described and, as much as possible, quantified. In this manner, the Bank can accurately and meaningfully incorporate lessons learned into the design of future projects. We also repeat our belief that the Bank's activities are not additional when they compete with available private capital. Rather, the Bank should aggressively seek projects with high potential transition impact, where the Bank's capital and expertise are truly needed to bring a project to fruition.

Achieving meaningful transition impact for us suggests:

- Quality, not volume
- Strong conditionality
- Lending to small and medium-sized companies
- Projects that promote energy efficiency
- Municipal infrastructure that improves people's lives and health
- Coordination with other IFIs, particularly on country strategies and large enterprise restructuring

These suggestions may not be altogether new, but we urge renewed intensity on translating them into operational reality.

Finally, I would like to highlight a unique aspect of the Bank. In designing this institution in 1989 and 1990, founding governments clearly intended it to be of a character different from that of other international financial institutions. Thus, the Articles of Agreement state the purpose of the Bank is to "foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in countries committed to and applying the principles of multi-party democracy, pluralism and market economics."

There has been great progress in opening the economies of the region to market principles, and many countries have demonstrated a commitment to multi-party democracy. However, there has been a notable lack of progress – and even backsliding – in some member countries in moving toward the establishment of truly democratic forms of government. The EBRD's founders were clearly committed to both the market and political mandates.

This commitment will be tested over the next several years, and in some ways the challenge to the EBRD may be greater than the financial crisis in Russia two years ago. The United States will stand strongly behind the founders' intent and we call on all the Governors to take this responsibility seriously.

Thank you.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
May 10, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $20,000 million to refund $20,901 million of publicly held bills maturing May 17, 2001, and to pay down about $901 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $9,423 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,031 million into the 13-week bill and $769 million into the 26-week bill.

The allocation percentage applied to bids awarded at the highest discount rate will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

PO-372

HIGHLIGHTS OF TRE. OFFERINGS OF BILLS
TO BE ISSUED MAY 17, 2001

May 10, 2001

Offering Amount	$11,000 million	$9,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GQ 8	912795 HV 6
Auction date	May 14, 2001	May 14, 2001
Issue date	May 17, 2001	May 17, 2001
Maturity date	August 16, 2001	November 15, 2001
Original issue date	February 15, 2001	May 17, 2001
Currently outstanding	$14,474 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award.............................. 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
May 16, 2001

Contact: Office of Financing
202-691-3550

TREASURY'S INFLATION-INDEXED SECURITIES
JUNE REFERENCE CPI NUMBERS AND DAILY INDEX RATIOS

Public Debt announced today the reference Consumer Price Index (CPI) numbers and daily index ratios for the month of June for the following Treasury inflation-indexed securities:

(1) 3-3/8% 10-year notes due January 15, 2007
(2) 3-5/8% 5-year notes due July 15, 2002
(3) 3-5/8% 10-year notes due January 15, 2008
(4) 3-5/8% 30-year bonds due April 15, 2028
(5) 3-7/8% 10-year notes due January 15, 2009
(6) 3-7/8% 30-year bonds due April 15, 2029
(7) 4-1/4% 10-year notes due January 15, 2010
(8) 3-1/2% 10-year notes due January 15, 2011

This information is based on the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the U.S. Department of Labor.

In addition to the publication of the reference CPI's (Ref CPI) and index ratios, this release provides the non-seasonally adjusted CPI-U for the prior three-month period.

This information is available through the Treasury's Office of Public Affairs automated fax system by calling 202-622-2040 and requesting document number 373. The information is also available on the Internet at Public Debt's website (http://www.publicdebt.treas.gov).

The information for July is expected to be released on June 15, 2001.

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Attachment

PO-373

TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
June 2001

Security:		3-3/8% 10-Year Notes	3-5/8% 5-Year Notes	3-5/8% 10-Year Notes	3-5/8% 30-Year Bonds
Description:		Series A-2007	Series J-2002	Series A-2008	Bonds of April 2028
CUSIP Number:		9128272M3	9128273A8	9128273T7	912810FD5
Dated Date:		January 15, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Original Issue Date:		February 6, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Additional Issue Date(s):		April 15, 1997	October 15, 1997	October 15, 1998	July 15, 1998
Maturity Date:		January 15, 2007	July 15, 2002	January 15, 2008	April 15, 2028
Ref CPI on Dated Date:		158.43548	160.15484	161.55484	161.74000
Date	**Ref CPI**	**Index Ratio**	**Index Ratio**	**Index Ratio**	**Index Ratio**
June 1 2001	176.20000	1.11212	1.10019	1.09065	1.08940
June 2 2001	176.22333	1.11227	1.10033	1.09080	1.08955
June 3 2001	176.24667	1.11242	1.10048	1.09094	1.08969
June 4 2001	176.27000	1.11257	1.10062	1.09108	1.08984
June 5 2001	176.29333	1.11271	1.10077	1.09123	1.08998
June 6 2001	176.31667	1.11286	1.10091	1.09137	1.09012
June 7 2001	176.34000	1.11301	1.10106	1.09152	1.09027
June 8 2001	176.36333	1.11316	1.10121	1.09166	1.09041
June 9 2001	176.38667	1.11330	1.10135	1.09181	1.09056
June 10 2001	176.41000	1.11345	1.10150	1.09195	1.09070
June 11 2001	176.43333	1.11360	1.10164	1.09210	1.09085
June 12 2001	176.45667	1.11374	1.10179	1.09224	1.09099
June 13 2001	176.48000	1.11389	1.10193	1.09238	1.09113
June 14 2001	176.50333	1.11404	1.10208	1.09253	1.09128
June 15 2001	176.52667	1.11419	1.10223	1.09267	1.09142
June 16 2001	176.55000	1.11433	1.10237	1.09282	1.09157
June 17 2001	176.57333	1.11448	1.10252	1.09296	1.09171
June 18 2001	176.59667	1.11463	1.10266	1.09311	1.09186
June 19 2001	176.62000	1.11478	1.10281	1.09325	1.09200
June 20 2001	176.64333	1.11492	1.10295	1.09340	1.09214
June 21 2001	176.66667	1.11507	1.10310	1.09354	1.09229
June 22 2001	176.69000	1.11522	1.10324	1.09368	1.09243
June 23 2001	176.71333	1.11536	1.10339	1.09383	1.09258
June 24 2001	176.73667	1.11551	1.10354	1.09397	1.09272
June 25 2001	176.76000	1.11566	1.10368	1.09412	1.09287
June 26 2001	176.78333	1.11581	1.10383	1.09426	1.09301
June 27 2001	176.80667	1.11595	1.10397	1.09441	1.09315
June 28 2001	176.83000	1.11610	1.10412	1.09455	1.09330
June 29 2001	176.85333	1.11625	1.10426	1.09470	1.09344
June 30 2001	176.87667	1.11640	1.10441	1.09484	1.09359

CPI-U (NSA) for : February 2001 175.8 March 2001 176.2 April 2001 176.9

TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
June 2001

Security:		3-7/8% 10-Year Notes	3-7/8% 30-Year Bonds	4-1/4% 10-Year Notes	3-1/2% 10-Year Notes
Description:		Series A-2009	Bonds of April 2029	Series A-2010	Series A-2011
CUSIP Number:		9128274Y5	912810FH6	9128275W8	9128276R8
Dated Date:		January 15, 1999	April 15, 1999	January 15, 2000	January 15, 2001
Original Issue Date:		January 15, 1999	April 15, 1999	January 18, 2000	January 16, 2001
Additional Issue Date(s):		July 15, 1999	October 15, 1999 October 15, 2000	July 15, 2000	
Maturity Date:		January 15, 2009	April 15, 2029	January 15, 2010	January 15, 2011
Ref CPI on Dated Date:		164.00000	164.39333	168.24516	174.04516
Date	**Ref CPI**	**Index Ratio**	**Index Ratio**	**Index Ratio**	**Index Ratio**
June 1 2001	176.20000	1.07439	1.07182	1.04728	1.01238
June 2 2001	176.22333	1.07453	1.07196	1.04742	1.01251
June 3 2001	176.24667	1.07467	1.07210	1.04756	1.01265
June 4 2001	176.27000	1.07482	1.07225	1.04770	1.01278
June 5 2001	176.29333	1.07496	1.07239	1.04784	1.01292
June 6 2001	176.31667	1.07510	1.07253	1.04797	1.01305
June 7 2001	176.34000	1.07524	1.07267	1.04811	1.01319
June 8 2001	176.36333	1.07539	1.07281	1.04825	1.01332
June 9 2001	176.38667	1.07553	1.07296	1.04839	1.01345
June 10 2001	176.41000	1.07567	1.07310	1.04853	1.01359
June 11 2001	176.43333	1.07581	1.07324	1.04867	1.01372
June 12 2001	176.45667	1.07596	1.07338	1.04881	1.01386
June 13 2001	176.48000	1.07610	1.07352	1.04895	1.01399
June 14 2001	176.50333	1.07624	1.07366	1.04908	1.01412
June 15 2001	176.52667	1.07638	1.07381	1.04922	1.01426
June 16 2001	176.55000	1.07652	1.07395	1.04936	1.01439
June 17 2001	176.57333	1.07667	1.07409	1.04950	1.01453
June 18 2001	176.59667	1.07681	1.07423	1.04964	1.01466
June 19 2001	176.62000	1.07695	1.07437	1.04978	1.01479
June 20 2001	176.64333	1.07709	1.07452	1.04992	1.01493
June 21 2001	176.66667	1.07724	1.07466	1.05005	1.01506
June 22 2001	176.69000	1.07738	1.07480	1.05019	1.01520
June 23 2001	176.71333	1.07752	1.07494	1.05033	1.01533
June 24 2001	176.73667	1.07766	1.07508	1.05047	1.01546
June 25 2001	176.76000	1.07780	1.07523	1.05061	1.01560
June 26 2001	176.78333	1.07795	1.07537	1.05075	1.01573
June 27 2001	176.80667	1.07809	1.07551	1.05089	1.01587
June 28 2001	176.83000	1.07823	1.07565	1.05103	1.01600
June 29 2001	176.85333	1.07837	1.07579	1.05116	1.01613
June 30 2001	176.87667	1.07852	1.07594	1.05130	1.01627

CPI-U (NSA) for : February 2001 175.8 March 2001 176.2 April 2001 176.9

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 14, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	May 17, 2001
Maturity Date:	August 16, 2001
CUSIP Number:	912795GQ8

High Rate: 3.630% Investment Rate 1/: 3.716% Price: 99.082

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 78.69%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 21,811,878	$ 9,333,261
Noncompetitive	1,366,801	1,366,801
FIMA (noncompetitive)	300,000	300,000
SUBTOTAL	23,478,679	11,000,062 2/
Federal Reserve	5,145,255	5,145,255
TOTAL	$ 28,623,934	$ 16,145,317

Median rate 3.600%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.550%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 23,478,679 / 11,000,062 = 2.13

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,126,536,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS
Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 14, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	May 17, 2001
Maturity Date:	November 15, 2001
CUSIP Number:	912795HV6

High Rate: 3.640% Investment Rate 1/: 3.759% Price: 98.160

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 5.09%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 17,769,699	$ 7,882,021
Noncompetitive	1,043,020	1,043,020
FIMA (noncompetitive)	75,000	75,000
SUBTOTAL	18,887,719	9,000,041 2/
Federal Reserve	4,277,630	4,277,630
TOTAL	$ 23,165,349	$ 13,277,671

Median rate 3.590%: 50% of the amount of accepted competitive tenders ɪas tendered at or below that rate. Low rate 3.550%: 5% of the amount ·f accepted competitive tenders was tendered at or below that rate.

id-to-Cover Ratio = 18,887,719 / 9,000,041 = 2.10

/ Equivalent coupon-issue yield.
/ Awards to TREASURY DIRECT = $834,560,000

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBORGED UNTIL 2:30 P.M. EDT
May 15, 2001

Contact: Tony Fratto
(202) 622-2960

TREASURY SECRETARY PAUL H. O'NEILL TESTIMONY BEFORE THE HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON FOREIGN OPERATIONS, EXPORT FINANCING AND RELATED PROGRAMS

Chairman Kolbe, Ranking Member Lowey, Members of the Committee, thank you for the opportunity to testify before you today about the Bush Administration's FY2002 budget request for Treasury's international programs. I look forward to working closely with all of you during this Administration to help advance American interests in a growing and stable global economy.

This year's request totals $1.4 billion. It includes $1.2 billion in funding for our annual commitments to the Multilateral Development Banks (MDBs), $224 million toward our commitment to the Heavily Indebted Poor Countries (HIPC) debt relief initiative, and $6 million for international technical assistance programs.

Let me begin by saying that I believe that the World Bank and the other MDBs have an important role to play in increasing productivity and thus improving the standard of living of people around the world.

But I also believe that these institutions can do a much better job than they have done in the past. I want them to be associated with success rather than failure. We who are in leadership positions must look for ways to change these institutions and then make the tough decisions that will bring about the needed changes. This is our fiduciary responsibility to the American people who pay the taxes that go to fund these institutions.

I recognize that reform of these institutions has been a concern of Congress, including members of this Committee, for several years, as reflected in legislation and a number of informative hearings and reports. Thanks to this work, many useful reforms have been proposed and some of these have already been implemented. Nevertheless, I believe that there is still much to do.

The FY2002 Request

There are three components to the FY2002 request of $1.4 billion for Treasury's international programs:

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1. Funding for the MDBs ($1.2 billion)

As a consequence of our international negotiations in recent years, U.S. annual commitments to these institutions have been substantially reduced, from $1.9 billion in FY1996 to $1.2 billion in FY2002.

Consistent with the President's overall budget priorities for FY2002, we have confined our request for the MDBs to a level sufficient to cover our scheduled annual commitments. U.S. arrears to the MDBs remain to be addressed at a later time. In order to maintain U.S. leadership and leverage as we pursue our reform agenda in the institutions, it is important that we avoid further accumulation of arrears by meeting fully our annual commitments this year.

Among our requests this year are contributions to the Asian Development Fund and the International Fund for Agricultural Development under replenishment agreements completed last year, for which we are also requesting the necessary congressional authorizations. Replenishment negotiations get underway this year for several institutions, including the International Development Association, which is the largest provider of concessional financing to the poorest countries, the African Development Fund and the Global Environment Facility.

2. International Debt Relief ($224 million)

For FY2002 our request for debt reduction programs is $224 million. This amount, in combination with $16 million in uncommitted debt account balances if fully applied to the HIPC Trust Fund, will complete the total U.S. commitment of $600 million to the Trust Fund. The Trust Fund helps regional development banks and other multilateral institutions meet the costs of providing debt reduction to heavily indebted poor countries committed to economic, social and governance reforms. Twenty-two countries have begun receiving significant debt relief under this program, and continued U.S. support is essential to assist the poorest countries to achieve economic growth and poverty reduction.

There is no FY2002 request for appropriations for debt relief under the Tropical Forest Conservation Act, but we intend to use $13 million transferred from USAID's Development Assistance account to fund additional activities under the TFCA.

3. Technical Assistance ($6 million)

Our request also includes $6 million for Treasury technical assistance programs, which form an important part of our effort to support countries engaged in fundamental reforms. These programs were created in 1990 and 1991 to assist countries in the Former Soviet Union and Central and Eastern Europe.

Beginning in FY1999, a direct Congressional appropriation allowed us to expand the program selectively and effectively. For FY2002, we are requesting funding to support modest current programs in countries in Africa, Asia, Central and South America and to expand into other countries committed to sound economic reform policies.

The U.S. MDB Reform Agenda

The World Bank and the other multilateral development banks should have a clear set of objectives. In my view their number one priority should be to raise the standard of living of people throughout the world. History tells us that the driving force behind increases in income per capita is rising productivity—the amount that each worker can produce.

If you look at per capita income in different parts of the world, the disparities between countries are clear – and I can tell you that virtually all of those differences can be explained by differences in productivity. Poor countries are poor—poverty exists—because productivity is low in these countries. I can also tell you, from my own experience in business, that the opportunities for increasing productivity are now greater than at any time in history. The technology and the ideas are there. The challenge is to spread these ideas and to use them.

I believe that the scope of the World Bank's activities is now too diffuse, and this reduces its focus on the core objective of raising income per capita. In the case of each new loan and each new grant we need to ask: how is this decision going to raise income per capita, or raise productivity? Economic research and historical experience tell us that more and better education is an essential ingredient for higher productivity growth. I would like to see the MDBs place greater emphasis on education. President Bush has made education a top priority for the U.S. economy. It should also be a top priority for the world economy.

Productivity can also be increased through more capital and better technology. Entrepreneurial activity in the private sector is what will make these productivity increases happen. Open markets, free trade, low tax rates and sensible regulation – the keys to U.S. growth over the past 20 years - are essential to sparking such entrepreneurial activity and, therefore, productivity. I also believe that greater priority should be given to strengthening the rule of law and promoting good governance. Assessments of borrower fiduciary policies should be central and done prior to the provision of grants or loans. Eliminating corruption should also factor more directly in Bank lending decisions.

In addition to these external policy changes, internal MDB governance should also maximize transparency and ensure compliance with approved policies. We must achieve stronger internal oversight mechanisms to oversee compliance with internal policies and broader information disclosure practices to enhance accountability.

When we recommend that these institutions become more focussed, we must also provide guidance on areas that can be scaled back. I am not of the view that each MDB must be a full-service "supermarket" for the developing world. Each of them could, for instance, focus its lending and grants on essential development goals. While we will be working to give some direction on this front in the coming months, cultural heritage projects that have a peripheral development impact and large infrastructure projects that could easily attract private finance are some problematic areas that come to mind. We also have questions about MDB involvement in sophisticated electronic information-sharing systems that may duplicate work being undertaken by the private sector and that do not take into account the more basic information and capacity improvement needs of these countries.

I also believe that the MDBs should focus their resources more on countries that do not enjoy access to private finance, recognizing that many other countries' financing needs are more suitably met through the private markets.

I can also see scope for differentiated loan pricing to achieve better prioritization of lending to middle-income countries and better incentives for these countries to rely on private markets. And I think we should be providing more performance-based grants to those poorest and least creditworthy countries committed to sound policies.

We need to know more about what we are getting for the U.S. taxpayers' money. In this respect, I see greater scope for requiring prior actions before loans are made and less scope for increasing the share of budget support operations without evidence that it yields higher development effectiveness and without a clear assessment of its operational and fiduciary risks.

Conclusion

We are in the early days of this new Administration. Reform of the international financial institutions is a key priority. I have given you some of my views, and I look forward to hearing more about yours. I can promise you that we at Treasury will dedicate ourselves to these reform goals.

Because these institutions are international, reforming them means working closely with the other shareholders. I met at the end of last month with colleagues from around the world to review the work of these institutions, and I shared some of my views with them. I also had useful exchanges with other shareholders at the Asian Development Bank's annual meeting in Honolulu last week. I am optimistic that we can work together to make some real changes in the institutions. I ask for your support as we pursue a reform agenda aimed at producing an MDB system that is more effective in achieving results that increase economic growth and improve the everyday lives of people in developing countries.

Thank you very much.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBORGED UNTIL FOMC ANNOUNCEMENT
May 15, 2001

Contact: Public Affairs
(202) 622-2960

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL

The Administration respects the independence of the Federal Reserve in making decisions about our nation's monetary policy. We share the Federal Reserve's goals of maintaining healthy economic growth while preserving low inflation.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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U.S. International Reserve Position 5/15/01

The Treasury Department today released U.S. reserve assets data for the week ending May 11, 2001. As indicated in this table, U.S. reserve assets totaled $64,843 million as of May 11, 2001, down from $65,446 million as of May 4, 2001.

n US millions)

Official U.S. Reserve Assets	May 4, 2001			May 11, 2001		
TOTAL			65,446			64,843
Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,325	10,888	16,213	5,227	10,759	15,986
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,014	4,713	13,727	8,845	4,658	13,503
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
IMF Reserve Position [2]			13,854			*13,769*
Special Drawing Rights (SDRs) [2]			10,606			*10,541*
Gold Stock [3]			11,046			11,046
Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for May 4 are final. The entries in the table above for May 11 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of March 31, 2001. The February 28, 2001 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	May 4, 2001	May 11, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	May 4, 2001	May 11, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

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FOR IMMEDIATE RELEASE
MAY 15, 2001

CONTACT: PUBLIC AFFAIRS
(202) 622-2960

DEPARTMENT OF TREASURY UNDER SECRETARY FOR ENFORCEMENT NOMINEE JIMMY GURULÉ APPEARS BEFORE SENATE FINANCE COMMITTEE FOR CONFIRMATION HEARING

The White House nominee for the position of Under Secretary (Enforcement), Jimmy Gurulé, will appear before the Senate Finance Committee on Wednesday, May 16th, for his confirmation hearing. Mr. Gurulé has been nominated to serve as Under Secretary to provide oversight, policy guidance and support to the Treasury Law Enforcement components – the Bureau of Alcohol, Tobacco and Firearms; the U.S. Customs Service; the Executive Office of Asset Forfeiture; the Federal Law Enforcement Training Center; the Financial Crimes Enforcement Network; the Office of Foreign Assets Control; and the U.S. Secret Service.

A member of the Utah Bar since 1980, Mr. Gurulé brings a wealth of law enforcement experience to the Treasury Department. Mr. Gurulé began his career as a trial attorney with the Department of Justice in Washington D.C. He has subsequently held the following positions: Deputy County Attorney in the Salt Lake City Attorney's Office; Assistant U.S. Attorney and Deputy Chief of the Major Narcotics Section of the Los Angeles branch of the U.S. Attorney's Office; and Assistant Attorney General with the Department of Justice's Office of Justice Programs in Washington D.C.

Mr. Gurulé is an internationally known expert in the field of complex criminal litigation and has lectured extensively on this topic. In addition, he has co-authored numerous texts including "The Law of Asset Forfeiture" and a casebook entitled "Criminal and Scientific Evidence: Cases, Materials and Problems". Mr. Gurulé has a special expertise in the area of organized crime and has participated in several conferences and committees committed to studying this problem. He is a member of the Advisory Board of the National Criminal Justice Trial Advocacy Competition and a member of the LEXIS-NEXIS Advisory Board for Criminal Justice Publications.

Mr. Gurulé joined the Notre Dame Law School faculty in 1989 and in 1996 became a full professor. He also served as Associate Dean for Academic Affairs during the 1998-1999 school year. Jimmy Gurulé earned his B.A. from the University of Utah in 1974 and his J.D. from the University of Utah College of Law in 1980.

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Mr. Gurulé was recognized for his contribution to law enforcement when he received the Attorney General's Distinguished Service Award and the Drug Enforcement Administration's highest award, the Administrator's Award. He was honored in 1991 with the prestigious Edmund J. Randolph Award and also received the Award for Excellence in Management in 1992. In addition, Mr. Gurulé is a prominent member of the Hispanic Legal Community. He was honored in 1997 as one of twelve Hispanics nationwide named "Pillars of a Just Society." He serves as a faculty advisor to the Hispanic Law Students Association and is a member of the Editorial Advisory Board of the Harvard Journal of Hispanic Policy.

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EMBORGOED UNTIL 1:30 P.M. EDT
May 16, 2001

Contact: Tony Fratto
(202) 622-2960

STATEMENT OF PETER FISHER NOMINEE FOR UNDER SECRETARY OF THE TREASURY FOR DOMESTIC FINANCE BEFORE THE COMMITTEE ON FINANCE UNITED STATES SENATE

Chairman Grassley, Ranking Member Baucus, and members of the Committee on Finance, thank you for the opportunity to appear before you today.

I am honored that President Bush has nominated me to serve as Under Secretary of the Treasury for Domestic Finance and, if confirmed, to have the opportunity to work with Secretary O'Neill, the Treasury staff, and others in the Administration to advance the President's economic agenda.

If confirmed, I also look forward to working closely with this Committee, the Senate, and with members of the House of Representatives on the broad range of issues addressed by the Office of Domestic Finance.

Throughout our history, the operations of the Department of the Treasury have played an important role in the evolution of our financial system. The strength and resilience of this system is itself a precious asset. In addition to serving as an advisor to Secretary O'Neill on capital market and financial institution issues, and on debt management, fiscal policy and financial management issues, I especially hope to have the opportunity to work with this Committee to improve upon the efficiency with which the federal government's obligations are financed over the coming years.

My fifteen years of experience with the Federal Reserve Bank of New York has given me the opportunity to learn first-hand about the forces shaping the increasingly global banking and capital markets. As manager of the Federal Reserve's monetary operations since 1995, I have been afforded the unique vantage point of active participation in financial markets from a position of public responsibility. In this capacity I have worked with members of the Federal Reserve Board of Governors and the Reserve Bank Presidents in the formulation and implementation of monetary policy.

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I have worked with senior Treasury officials on debt management and capital market issues and in the implementation of exchange rate policy. In both of these capacities, I have had the opportunity to learn from the experience of central bankers and finance ministry officials from around the world.

Mr. Chairman, thank you again for the opportunity to appear before the Committee. I hope members of the Committee will support me, and I promise to work diligently and with an open mind on all matters that this Committee may wish to raise with the Office of Domestic Finance. I hope that this will be the beginning of a strong working relationship.

I would like to thank Secretary O'Neill for the confidence he has shown in me by supporting me for this job. I would be pleased to answer any questions that you and other members of the Committee may have.

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EMBORGED UNTIL 1:30 P.M. EDT
May 16, 2001

Contact: Tasia Scolinas
(202) 622-2960

STATEMENT OF JIMMY GURULE NOMINEE FOR UNDER SECRETARY OF THE TREASURY FOR ENFORCEMENT BEFORE THE COMMITTEE ON FINANCE UNITED STATES SENATE

Thank you Chairman Grassley, Senator Baucus, and members of the Committee. It is an honor and privilege to be here today to testify in support of my nomination to serve as the next Under Secretary of the Treasury for Enforcement.

I would like to thank President Bush for the opportunity to serve my country and the new Administration. I further would like to thank Secretary Paul O'Neill for his support and confidence. I am excited about the possibility of serving under his strong leadership at the Treasury Department.

Before proceeding any further, I would like to take the opportunity to introduce my family. For the past twenty-one years, I have been blessed with a loving and supportive wife. Please allow me to introduce my wife, partner, and best friend, Julia Cordova-Gurule. I further have been blessed with three wonderful children, two to whom were able to accompany me today – my fourteen-year-old son, Alejandro, and my eleven-year-old daughter, Sophia. Unfortunately, their older brother, Santiago, who just completed his sophomore year of studies at the University of Notre Dame, is working and could not make the trip.

I look forward to the challenges, opportunities, and responsibilities that await me if confirmed as the next Under Secretary for Enforcement. I believe that I am uniquely qualified to hold this important Treasury post.

I have served as a federal and state prosecutor for approximately ten years. At Notre Dame Law School, I currently teach Criminal Law, Criminal Procedure, Complex Criminal Litigation, and International Criminal Law, and have had the opportunity to publish extensively on a broad range of criminal justice issues. Based on the totality of these experiences, I understand the critical issues confronting federal law enforcement officers investigating international drug trafficking, domestic and international money laundering, and complex criminal enterprises.

My management and administrative experience, gained while serving in the former Bush Administration at the Department of Justice as Assistant Attorney General for the Office of Justice Programs, has prepared me to administer the diverse activities of the law enforcement bureaus and offices that comprise the Office of Enforcement.

PO-381

The Treasury law enforcement bureaus have a long and distinguished history. Each bureau contributes unique expertise to enforcing our nation's laws and protecting its citizens.

If confirmed, I will provide strong leadership to the Office of Enforcement, maintain the public's trust, and work in partnership with Congress to meet the challenges faced by the Treasury Department and its bureaus.

Thank you Mr. Chairman. I would be happy to answer any questions.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 9:00 A.M.
May 16, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On May 17, 2001, the Treasury will buy back up to $1,750 million par of its outstanding issues that mature between November 2022 and November 2027. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

oOo

Attachment

PO-382

HIGHLIGHTS OF TREAS"RY DEBT BUYBACK OPERATION

May 16, 2001

Par amount to be bought back .. Up to $1,750 million
Operation date .... May 17, 2001
Operation close time .... 11:00 a.m. eastern daylight saving time
Settlement date .... May 21, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions .... ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*	Par Amount Held as STRIPS**
7.625	11/15/2022	912810 EN 4	8,314	6,713	4,131
7.125	02/15/2023	912810 EP 9	16,979	14,344	6,994
6.250	08/15/2023	912810 EQ 7	22,659	21,106	3,470
7.500	11/15/2024	912810 ES 3	9,864	8,249	6,197
7.625	02/15/2025	912810 ET 1	10,869	9,325	6,994
6.875	08/15/2025	912810 EV 6	11,715	9,916	4,221
6.000	02/15/2026	912810 EW 4	12,838	11,723	1,395
6.750	08/15/2026	912810 EX 2	10,303	8,689	2,372
6.500	11/15/2026	912810 EY 0	11,298	9,574	4,825
6.625	02/15/2027	912810 EZ 7	10,211	9,000	3,190
6.375	08/15/2027	912810 FA 1	10,196	8,556	1,437
6.125	11/15/2027	912810 FB 9	22,326	18,978	7,581
		Total	157,572	136,173	52,807

* Par amounts are as of May 15, 2001.
** Par amounts are as of May 14, 2001.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBORGED UNTIL 9:30 A.M. EDT
May 17, 2001

Contact: Tasia Scolinas
(202) 622-2960

Testimony of Pamela J. Hicks Acting Deputy Assistant Secretary (Law Enforcement) of the Treasury Before the House Committee on Government Reform Subcommittee on National Security, Veterans Affairs, and International Relations

Mr. Chairman, members of the Committee, I am pleased to be here today to discuss Treasury's role in providing rule-of-law assistance to the 12 Newly Independent States (NIS) of the former Soviet Union. While Treasury has provided advice on drafting money laundering and other legislation in these countries, most of Treasury's rule-of-law assistance has been law enforcement training by our law enforcement bureaus and offices, the U.S. Customs Service, U.S. Secret Service, Bureau of Alcohol, Tobacco and Firearms, Internal Revenue Service – Criminal Investigation (IRS-CI), Federal Law Enforcement Training Center (FLETC), and Financial Crimes Enforcement Network (FinCEN). We also provide training through our law enforcement program in Treasury's Office of Technical Assistance. Treasury and its bureaus work closely with the State and Justice Departments in delivering its training programs.

In providing law enforcement training to a foreign government, Treasury has two main goals. In the shorter term, we work to build relationships with our law enforcement counterparts that enable us to work together on particular matters, improving both nations' ability to protect their citizens from criminal activity. In the longer term, we seek to support broader U.S. government efforts aimed at assisting the foreign government in establishing and maintaining fair and effective law enforcement institutions. In my testimony today, I will briefly outline our efforts to design, coordinate, and evaluate our training programs to meet these goals.

Designing and Coordinating Training

At the outset, it should be noted that international training is an interagency effort. Treasury and its bureaus provide international law enforcement training as part of a broader plan for a country or region. In determining what type of training to provide a particular country, we work closely with the Departments of State and Justice. Each fiscal year, the Department of State forwards a training solicitation cable with training objectives for law enforcement programs to all overseas posts and law enforcement agencies. Working with embassies, law enforcement agencies, including the Treasury and Justice Departments, and host governments, State prioritizes training requests by objectives and region.

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The training provided to selected countries is then determined by the Department of State, International Narcotics and Law Enforcement Affairs (INL), with considerable input from the Departments of Justice and the Treasury. For example, in response to the criminal threat, Treasury law enforcement may propose that Customs and ATF provide training on international firearms trafficking for particular countries in Latin America and the Caribbean Basin. Working as a team, State, Customs and ATF, would then manage and coordinate the training program. State would oversee the funding and logistics for the program. Customs and ATF are responsible for the coordination, preparation and presentation of the courses.

Based on this process, Treasury and its bureaus lend their expertise in a wide variety of law enforcement training to NIS countries both directly and through the International Law Enforcement Academy (Budapest). These efforts include: firearms trafficking training by ATF and Customs; excise tax administration training by ATF; forensics, economic fraud, and counterfeiting training by Secret Service; and training relating to money laundering by IRS-CI, Customs and FinCEN. However, the majority of training courses that we have provided to the NIS have been done by Customs on various types of smuggling, including drug trafficking, weapons of mass destruction, and child pornography.

Case Example – *Operation Blue Orchid*

Operation Blue Orchid, a recent U.S. Customs effort with the Moscow City Police, provides a useful illustration of how this system is intended to work. U.S. Customs, through its CyberSmuggling Center in Fairfax, Virginia, developed leads regarding Internet web sites based in Russia that depicted the sexual and physical abuse of children. Customs provided these leads to its Attaché in Moscow, who identified the Moscow City Police as an agency with responsibility for combating Internet child pornography in Moscow. U.S. Customs and Moscow City Police then worked together to successfully take down two child pornography distribution networks.

At the same time, Customs was developing its recommendations for training to be funded by the State Department. Based on the CyberSmuggling Center's analysis of child pornography internet sites in Russia and its work with the Moscow City Police, Customs recommended and State agreed to fund training for the Moscow City Police at Customs' CyberSmuggling Center on Internet child pornography investigative techniques. The training, which was specifically for the unit within the Moscow City Police that had been working with Customs on child pornography matters, took place in July 2000.

In the meantime, in May 2000, the Moscow City Police requested the assistance of the U.S. Customs Attaché in Moscow on a new child pornography case relating to the *Blue Orchid* web site, which was allegedly operated by two Russians. Customs' CyberSmuggling Center arranged an undercover buy from the web site, which in December 2000 led the Moscow City

Police to one of the Russians, who police detained along with a 13-year-old boy. Interviews of this suspect disclosed that he had transported the minor to Moscow for the purpose of sexual exploitation. Subsequently, Moscow City Police conducted a search of the suspect's apartment and seized 400 videotapes, video duplication equipment, and sales and shipping records. The U.S. Customs Attaché in Moscow assisted in the search and seizure and provided technical assistance in the investigation.

The Russian portion of the case culminated on March 2, 2001, with the arrest of an individual on charges that he molested and sexually abused a fifteen-year-old boy during the making of two videos. *Blue Orchid* customers would wire cash, then email the distributor with instructions on where to send the videotape. Prices ranged from $200-$300 per video. Records seized from the distributors indicate videotapes were shipped worldwide, but most were sent to the United States.

As a result of the December 2000 search, the U.S. Customs Attaché in Moscow forwarded information to U.S. Customs field offices in the United States, identifying a number of suspects who allegedly had ordered child pornography from the *Blue Orchid* web site. Additionally, approximately 50 leads were sent to U.S. Customs Attaché offices around the world. Over 20 cases are ongoing within the U.S. as a result of leads generated from *Operation Blue Orchid.*

Blue Orchid demonstrates the potential benefits of working with and supporting Russian authorities. Through its relationship with the Moscow City Police, Customs identified the unit responsible for investigating child pornography on the Internet. As part of this working relationship, we provided training and technical assistance to the relevant Moscow City Police officers, improving their ability to combat child pornography on the Internet. This training and cooperation enabled the Moscow City Policy to take down the *Blue Orchid* Web site, which was shipping child pornography to the United States. Moreover, information provided by the Moscow City Police enabled U.S. Customs to pursue violations of U.S. law.

Sustainability and Evaluation of Training

While we are pleased when we have success on a particular case, our goal is to sustain the progress we make and improve the overall functioning of the foreign law enforcement institutions. The primary way we seek to accomplish this is through our coordination with other U.S. agencies, particularly the Departments of State and Justice, and the host nation. We support the Department of State's efforts to increase the sustainability of the international training programs. In addition to working with State, we seek to make sure our own efforts support improvements in foreign law enforcement institutions that are sustainable.

Our training courses, as well as our Attachés stationed overseas, enable us to develop and improve our contacts with foreign law enforcement officers and agencies. These contacts provide us with a better understanding of the crime problems in other countries and the local law enforcement environment. We use this information to help us determine the training needs of a particular country as well as the likelihood training will be effective. In *Blue Orchid*, for example, the Customs Attaché in Moscow provided an important link between Customs' CyberSmuggling Center and the Moscow City Police. We believe that the relationship Customs developed with the Moscow City Police in working *Blue Orchid*, including the training and technical assistance that Customs provided, will lead to additional joint investigations and continued efforts by the Moscow City Police to combat Internet child pornography.

As successful as *Blue Orchid* was, however, we recognize that it is not realistic for us to train every law enforcement officer in Russia and the other NIS countries. We use train-the-trainer courses to help spread our expertise throughout an organization. For example, Customs has provided train-the-trainer workshops on narcotics interdiction to law enforcement from Russia, Turkmenistan, Kyrgystan, and Uzbekistan. The purpose of this training is to create a cadre of instructors within a foreign customs or border control agency who can then teach others -- both in a classroom and on the job -- about narcotics interdiction techniques. To try to maximize effectiveness, Customs limits the course to 12 participants who are or plan to become trainers.

Of course, not all of our efforts have the same result as *Blue Orchid*. Setbacks and obstacles are inevitable when dealing with countries still working to build their law enforcement institutions. Training is not always institutionalized as quickly or as effectively as we might like. We have supported the State Department's efforts to improve the methods of evaluating training to ensure that we are as effective as possible. To this end, each law enforcement attendee prepares class evaluations surveys, which are compiled into After Action Reports. These Reports, which are given to the law enforcement agency running the training, provide the participants' views on the most beneficial aspects of the training, possible improvements, their future use of what was learned, and their intent to share the information learned with coworkers. Moreover, a rigorous interagency course review has been developed to evaluate training conducted through the International Law Enforcement Academies. In addition to these formal evaluations, we also look at the number of subsequent referrals of information and/or requests for coordination of an investigation from foreign countries to U.S. law enforcement.

Conclusion

We continue to believe that international law enforcement training serves U.S. interests by enabling U.S. law enforcement to improve its relationships with overseas counterparts to better protect American citizens from international crime, by assisting foreign governments in developing effective law enforcement agencies to stop criminal activity before it reaches the U.S., and by supporting the creation of stable, democratic societies. We recognize, however, that such training must be done in a coordinated way that is designed to be sustainable over the long term. In recent years, we have worked closely with the State and Justice Departments to improve our international training efforts and we are committed to continuing the progress that has been made.

I want to thank the Committee for its interest in this important issue and we look forward to working with you to improve our law enforcement training in the NIS countries. Thank you.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
May 17, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $21,000 million to refund $19,912 million of publicly held bills maturing May 24, 2001, and to raise about $1,088 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $9,790 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,019 million into the 13-week bill and $1,072 million into the 26-week bill.

The allocation percentage applied to bids awarded at the highest discount rate will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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Attachment

PO-384

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MAY 24, 2001

May 17, 2001

Offering Amount	$11,500 million	$9,500 million
Description of Offering:		
Term and type of security	91-day bill	183-day bill
CUSIP number	912795 HH 7	912795 HW 4
Auction date	May 21, 2001	May 21, 2001
Issue date	May 24, 2001	May 24, 2001
Maturity date	August 23, 2001	November 23, 2001
Original issue date	February 22, 2001	May 24, 2001
Currently outstanding	$14,864 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award.......................... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
May 17, 2001

Contact: Peter Hollenbach
(202) 691-3502

FIFTY-TWO STATE FINALISTS VIE FOR NATIONAL HONORS IN U.S. SAVINGS BONDS POSTER CONTEST

National Winners To Be Announced May 24

Fifty-two students from all over the United States in grades 4 through 6 have reached the finals of the Tenth Annual U.S. Savings Bonds Poster Contest, conducted by the U.S. Treasury Department's Bureau of the Public Debt. The 52 are first-place winners selected from the more than 25,000 posters entered from the 50 States, the District of Columbia and Puerto Rico. In addition to eligibility for the national competition, each first-place state winner already has received a $1,000 savings bond. *(The list of finalists is attached.)*

National Competition

- The winning posters were judged on originality, poster design, visual appeal, and how well they conveyed the savings bond theme, "Reach for the Stars – Buy U.S. Savings Bonds."
- On May 24, 2001, the first, second and third place national winners will be announced and they will receive, respectively, $5,000, $2,000, and $1,000 in savings bonds at the ceremony in Washington, D.C., at the Capital Children's Museum.
- Accommodations and transportation to and from Washington, D.C., are provided for the three national winners and a parent or guardian. While in Washington, winners are invited to tour the historic Treasury Building and meet Treasury Officials, visit the U.S. Capitol, and the Bureau of Engraving and Printing where currency is made.
- The United Space Alliance is the national sponsor of the 2001 contest.
- Renaissance Washington DC Hotel is providing the accommodations.

Where Winning Posters Can Be Seen:

- The first-place national winner's poster will be used nationwide in the 2002 U.S. Savings Bonds Campaign.
- The 52 top posters will be exhibited in Washington, D.C., at the Capital Children's Museum during May, and at the Bureau of Engraving and Printing, June through September.
- Photographs of the winning posters with names of the artists and their schools also will be displayed in major airports across the country and on our website www.savingsbonds.gov.

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PO-385

2001 STATE FIRST PLACE WINNERS U.S SAVINGS BONDS NATIONAL POSTER CONTEST

ALABAMA
Olivia Dean
Trinity Presbyterian School
Montgomery

ALASKA
Cheryl Lockwood
Anthony A. Andrews School
St. Michael

ARIZONA
Jeremy Bowker
Arrowhead Elementary School
Phoenix

ARKANSAS
Kailey Jordan Anderson
Alma Middle School
Alma

CALIFORNIA
Audrey Guedelekian
Rose & Alex Pilibos
Armenian School
Los Angeles

COLORADO
India Holton
Fort Lupton Middle School
Fort Lupton

CONNECTICUT
Jasmine McDowell
Harbor School
New London

DELAWARE
Alexis DeVincentis
St. Anthony of Padua
Wilmington

DISTRICT OF COLUMBIA
Joi Martin
Marion P.Shadd Elementary
School
Washington

FLORIDA
Kara Weisman
Brookside Middle School
Sarasota

GEORGIA
Lyle Allen
Adairsville Middle School
Adairsville

HAWAII
Jessica Lee
Stevenson Middle School
Honolulu

IDAHO
Eva Stutzman
Buhl Middle School
Buhl

ILLINOIS
Mario Harris
George W. Curtis School
Chicago

INDIANA
Tracy Beidelman
Westwood Elementary School
Greenwood

IOWA
Emily M. Mellott
East Middle School
Sioux City

KANSAS
Stephanie Given
Nieman Elementary School
Shawnee

KENTUCKY
Nathina Purvis
Bremen Elementary School
Bremen

LOUISIANA
Kayla Sigur
Little Woods Elementary
School
New Orleans

MAINE
Conor Gillies
Yarmouth Elementary School
Yarmouth

MARYLAND
Matt Gianfrancesco
Whetstone Elementary School
Gaithersburg

MASSACHUSETTS
Sean Maze
Parker Middle School
Taunton

MICHIGAN
Keith Dufendach
Crestwood Elementary School
Rockford

MINNESOTA
Daniel Woizeschke
Winfair Elementary School
Windom

MISSISSIPPI
Anna Alexander
Alexander Academy Home
School
Little Rock

MISSOURI
Emilie Bell
Ozark East Elementary
School
Ozark

MONTANA
Lorissa Lynn Johnson
Home School
Florence

NEBRASKA
Jessica Marie Petersen
Elkhorn Valley School
Tilden

NEVADA
Elizabeth Wiesner
The Meadows School
Las Vegas

NEW HAMPSHIRE
Jason Shuster-Leland
Home School
Bethlehem

NEW JERSEY
Oliver Schaufelberger
Round Valley Middle School
Lebanon

NEW MEXICO
Catherine Wolfe
Des Moines Elementary
School
Des Moines

NEW YORK
Andrew Morejon
Daniel Webster Magnet
School
New Rochelle

NORTH CAROLINA
Andrew Emery
Emery Academy
Horse Shoe

NORTH DAKOTA
Hannah Due
Dakota Christian Home School
Grand Forks

OHIO
Katie Cantrell
Wooster Township Elementary School
Wooster

OKLAHOMA
Marina Kravtsova
Tuttle Intermediate School
Tuttle

OREGON
Beau Plummer
Fairview Elementary School
Klamath Falls

PENNSYLVANIA
Andrew Spangenberg
Home School
Quakertown

PUERTO RICO
Joseph Angel Rodriguez Quiñones
Llanos del Sur Escuela
Coto Laurel

RHODE ISLAND
Kelley Frances Kelahan
St. Mary's Academy Bayview
E. Providence

SOUTH CAROLINA
Nicole Sainz
Pocalla Springs Elementary School
Sumter

SOUTH DAKOTA
Brandon Weyer
Sturgis Williams Middle School
Sturgis

TENNESSEE
Randall Cooper
Harding Academy - Highland
Memphis

TEXAS
Vanessa Mendez
Senator Eddie Lucio Middle School
Brownsville

UTAH
Allison Babb
Legacy Elementary School
American Fork

VERMONT
Hope Guisinger
Charleston Elementary School
W. Charleston

VIRGINIA
Katy Joyce
Richlands Elementary School
Richlands

WASHINGTON
Garrett Hunt
Pioneer Valley School
Spanaway

WEST VIRGINIA
David Black
Milton Elementary School
Milton

WISCONSIN
Claire Bluhm
Meyer Middle School
River Falls

WYOMING
Michael J. Shaw
Indian Paintbrush
Elementary School
Laramie

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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?OR IMMEDIATE RELEASE
lay 17, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $1,750 million)ar of its outstanding issues. A total of 12 issues maturing between November 2022 and lovember 2027 were eligible for this operation. The settlement date for this operation will)e May 21, 2001. Summary results of this operation are presented below.

(amounts in millions)

)ffers Received (Par Amount):	$5,775
)ffers Accepted (Par Amount):	1,750
'otal Price Paid for Issues (Less Accrued Interest):	1,970
lumber of Issues Eligible:	
For Operation:	12
For Which Offers were Accepted:	9
'eighted Average Yield of all Accepted Offers (%):	5.977
eighted Average Maturity for all Accepted Securities (in years):	24.2

etails for each issue accompany this release.

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)-386

May 17, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
7.625	11/15/2022	570	380	119.703	119.668
7.125	02/15/2023	751	80	113.703	113.699
6.250	08/15/2023	583	0	N/A	N/A
7.500	11/15/2024	435	160	119.031	119.019
7.625	02/15/2025	425	235	120.750	120.703
6.875	08/15/2025	341	20	111.359	111.359
6.000	02/15/2026	454	0	N/A	N/A
6.750	08/15/2026	601	285	110.062	109.997
6.500	11/15/2026	705	130	106.859	106.819
6.625	02/15/2027	145	0	N/A	N/A
6.375	08/15/2027	320	180	105.421	105.380
6.125	11/15/2027	445	280	102.140	102.091

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield	Weighted Average Accepted Yield	Par Amount Privately Held*
7.625	11/15/2022	912810EN4	5.983	5.986	6,333
7.125	02/15/2023	912810EP9	5.988	5.989	14,264
6.250	08/15/2023	912810EQ7	N/A	N/A	21,106
7.500	11/15/2024	912810ES3	5.981	5.982	8,089
7.625	02/15/2025	912810ET1	5.977	5.980	9,090
6.875	08/15/2025	912810EV6	5.981	5.981	9,896
6.000	02/15/2026	912810EW4	N/A	N/A	11,723
6.750	08/15/2026	912810EX2	5.972	5.977	8,404
6.500	11/15/2026	912810EY0	5.973	5.976	9,444
6.625	02/15/2027	912810EZ7	N/A	N/A	9,000
6.375	08/15/2027	912810FA1	5.963	5.966	8,376
6.125	11/15/2027	912810FB9	5.963	5.967	18,698

Total Par Amount Offered: 5,775

Total Par Amount Accepted: 1,750

Note: Due to rounding, details may not add to totals.

*Amount outstanding after operation. Calculated using amounts reported on announcement.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
May 17, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $21,000 million to refund $19,912 million of publicly held bills maturing May 24, 2001, and to raise about $1,088 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $9,790 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,019 million into the 13-week bill and $1,072 million into the 26-week bill.

The allocation percentage applied to bids awarded at the highest discount rate will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment
PO-387

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MAY 24, 2001

May 17, 2001

Offering Amount	$11,500 million	$9,500 million
Description of Offering:		
Term and type of security	91-day bill	183-day bill
CUSIP number	912795 HH 7	912795 HW 4
Auction date	May 21, 2001	May 21, 2001
Issue date	May 24, 2001	May 24, 2001
Maturity date	August 23, 2001	November 23, 2001
Original issue date	February 22, 2001	May 24, 2001
Currently outstanding	$14,864 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award.......................... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award.............................. 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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For Immediate Release
May 21, 2001

Contact: Tara Bradshaw
(202) 622-2960

TREASURY, IRS RELEASE GUIDANCE ON EXTRATERRITORIAL INCOME REGIME

Treasury and the Internal Revenue Service today have issued a Revenue Procedure providing guidance with respect to the recently enacted FSC Repeal and Extraterritorial Income Exclusion Act of 2000. Revenue Procedure 2001-37 contains guidance on certain taxpayer elections under the new extraterritorial income exclusion regime. Specific issues covered include the application of the extraterritorial income exclusion regime to foreign corporations and the election to apply the new regime to transactions during the transition period. The Treasury and IRS are continuing to work on further guidance with respect to the operation of the new regime.

-30-

PO-389

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.105: Examination of returns and claims for refund; determination of correct tax liability.
(Also Part I, Sections 942, 943.)

Rev. Proc. 2001-37

SECTION 1. PURPOSE

This revenue procedure provides guidance to taxpayers regarding certain elections made pursuant to the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (the "Act"). Pub. L. No. 106-519, 114 Stat. 2423 (Nov. 15, 2000). Specifically, this revenue procedure includes guidance with respect to the election to exclude gross receipts from foreign trading gross receipts under § 942(a)(3) of the Internal Revenue Code ("Code"), the election (and revocation of such election) by a foreign corporation to be treated as a domestic corporation under § 943(e)(1), and the election (and revocation of such election) by a taxpayer to apply the extraterritorial income exclusion (the "ETI exclusion") in lieu of the foreign sales corporation ("FSC") provisions to certain transactions under § 5(c)(2) of the Act.

SEC. 2. BACKGROUND

.01 On November 15, 2000, the Act was signed into law, repealing the FSC provisions of §§ 921 through 927 effective October 1, 2000, and amending the definition of gross income to exclude certain extraterritorial income.

.02 The amendments to the Code made by the Act apply to all transactions entered into after September 30, 2000. Section 943(b)(1) defines the term "transaction" as "any sale, exchange, or other disposition . . . any lease or rental, and . . . any furnishing of services."

.03 Section 5(c)(1) of the Act provides a transition rule for FSCs in existence on September 30, 2000, whereby the FSC provisions remain applicable to FSC transactions for a limited transition period.

.04 The Act contains several taxpayer elections. First, a taxpayer may elect to exclude the gross receipts from a transaction or transactions from its "foreign trading gross receipts" in any taxable year under § 942(a)(3). Second, certain foreign corporations may elect to be treated as domestic corporations under § 943(e)(1). Third, a taxpayer may elect under § 5(c)(2) of the Act to apply the ETI exclusion provisions in lieu of the FSC provisions to certain transactions otherwise covered by the transition rules.

SEC. 3. FORM 8873 ("EXTRATERRITORIAL INCOME EXCLUSION")

A taxpayer that reports extraterritorial income on its income tax return calculates its ETI exclusion with respect to that income on Form 8873 ("Extraterritorial Income Exclusion"). Such taxpayer must attach a completed Form 8873 to its income tax return.

SEC. 4. ELECTION TO EXCLUDE CERTAIN GROSS RECEIPTS FROM FOREIGN TRADING GROSS RECEIPTS

A taxpayer may elect to exclude gross receipts from its "foreign trading gross receipts" in any taxable year under § 942(a)(3). A taxpayer makes a § 942(a)(3) election on a transaction-by-transaction basis. A taxpayer makes such election by checking the box on line 1 in Part I of Form 8873 and attaching the completed form to its income tax return. In the case of a partnership, each partner may make this election with respect to any transaction for which the partnership maintains separate accounts. A taxpayer that excludes some, but not all, of its gross receipts from foreign trading gross receipts must attach to its Form 8873 a tabular schedule that identifies the gross receipts that are excluded from foreign trading gross receipts.

SEC. 5. ELECTION BY A FOREIGN CORPORATION TO BE TREATED AS A DOMESTIC CORPORATION

.01 Generally. Section 943(e)(1) allows an "applicable foreign corporation" to elect to be treated as a domestic corporation for all purposes of the Code if that corporation waives all benefits granted to it by the United States under any treaty. Making the election is a prerequisite to the ETI exclusion under § 943(a)(2) with respect to property manufactured, produced, grown, or extracted outside the United States by a foreign corporation. A corporation that makes a § 943(e)(1) election may not elect to be an S corporation under § 1362(a).

.02 Who may elect. Pursuant to § 943(e)(2), an applicable foreign corporation is any foreign corporation if either:

(1) it manufactures, produces, grows, or extracts property in the ordinary course of the corporation's trade or business, or

(2) substantially all of its gross receipts are foreign trading gross receipts.

.03 Period of election. A § 943(e)(1) election applies to the taxable year for which made and to all subsequent years unless revoked by the taxpayer pursuant to § 943(e)(3)(A) or terminated pursuant to § 943(e)(3)(B). A § 943(e)(1) election may be filed after September 30, 2000, but cannot be effective for any taxable year beginning before October 1, 2000.

.04 Method of election. A corporation makes a § 943(e)(1) election by checking the box on line 3 in Part I of Form 8873 and attaching the completed form to a timely filed Form 1120 ("U.S. Corporation Income Tax Return") (including extensions) for the first taxable year of the election.

.05 Where return is filed. A foreign corporation that makes a § 943(e)(1) election but does not become a member of a consolidated group under § 1501 as a result of such election shall file its Form 1120 at the applicable Service Center address listed in the "Where To File" section of the instructions for Form 1120. If a foreign corporation makes a § 943(e)(1) election and becomes a member of a consolidated group under § 1501 as a result of such election, the common parent of such group shall include the corporation that made the § 943(e)(1) election in its consolidated return (Form 1120) for the group.

.06 Revocation of election. A corporation may revoke a § 943(e)(1) election by filing a statement that the election is revoked. The revocation statement shall be entitled "Revocation of Election under Section 943(e)(1) to be Treated as a Domestic Corporation – Filed Pursuant to **[citation of this revenue procedure]**" and shall include the corporation's name, address, employer identification number, and contact phone number, and a statement that the taxpayer revokes its election under § 943(e)(1). The revocation statement shall be signed by any person authorized to sign a corporate return under § 6062. The corporation shall file such revocation statement with the same Service Center ("Attn: Entity Control") with which the corporation files its income tax return as determined under § 5.05 of this revenue procedure. Once properly filed, the revocation of a § 943(e)(1) election is automatic and applies to taxable years beginning on or after the date the revocation statement is filed.

.07 Termination of election. If a corporation that made a § 943(e)(1) election in any taxable year meets neither of the requirements described in § 5.02 of this revenue procedure for any subsequent taxable year, the election will not apply to taxable years beginning after such subsequent taxable year.

.08 Effect of termination or revocation. If a corporation that made a § 943(e)(1) election revokes the election or the election is terminated, that corporation (and any successor corporation) may not make another § 943(e)(1) election for five taxable years beginning with the first taxable year for which the original election is not in effect as a result of the revocation or termination.

.09 Effect of election by FSCs. A FSC that elects to be treated as a domestic corporation under § 943(e)(1) is not treated as a FSC for any year for which such election applies and for all subsequent years.

.10 Effect of election for purposes of section 367.

(1) Except as provided in § 5.10(2) of this revenue procedure, a foreign corporation that makes a § 943(e)(1) election is treated, for purposes of § 367, as transferring, on the first day of the first taxable year to which the election applies, all of its assets to a domestic corporation in connection with an exchange described in § 354.

(2) In the case of a foreign corporation described in § 5(c)(3) of the Act that makes a § 943(e)(1) election, earnings and profits ("E&P") accumulated in taxable years ending before October 1, 2000, are not included in the gross income of its shareholders by reason of such election. This rule does not apply to E&P acquired by the foreign corporation in a transaction after September 30, 2000, that is subject to § 381, unless the E&P would have qualified for the exclusion under § 5(c)(3) of the Act in the hands of the transferor or distributor. Rules similar to

rules under § 953(d)(4)(B)(ii) through (iv) shall apply to E&P not included in gross income under § 5(c)(3) of the Act.

.11 Effect of revocation or termination for purpose of section 367. If a corporation's § 943(e)(1) election ceases to apply because it is revoked or terminated, then, for purposes of § 367, such corporation shall be treated as a domestic corporation transferring all of its assets to a foreign corporation in connection with an exchange to which § 354 applies on the first day of the first taxable year to which the election ceases to apply.

SEC. 6. TRANSITION RULES; ELECTION TO APPLY EXTRATERRITORIAL INCOME EXCLUSION PROVISIONS IN LIEU OF FSC PROVISIONS

.01 FSC elections. After September 30, 2000, no corporation may elect to be a FSC under § 922(a)(2). For purposes of the transition rule, a FSC election is deemed to occur upon the formation of an otherwise eligible electing corporation, provided that the corporation makes the election within 90 days of formation pursuant to the requirements of § 1.921-1T(b)(1) of the Income Tax Regulations.

.02 Termination of inactive FSCs. If a FSC has no foreign trade income (as defined in former § 923(b)) for any period of five consecutive taxable years beginning after December 31, 2001, such FSC will no longer be treated as a FSC for any taxable year beginning after such five-year period.

.03 Transition period for existing FSCs. In general, the Act repeals the FSC provisions for transactions entered into after September 30, 2000. However, § 5(c)(1) of the Act provides that the FSC provisions continue to apply for a limited time period with respect to certain transactions entered into in the ordinary course of business involving a FSC in existence on September 30,

2000. Specifically, the FSC provisions continue to apply to transactions involving a FSC and occurring:

(1) before January 1, 2002, or

(2) after December 31, 2001, pursuant to a binding contract which is in effect on September 30, 2000, and thereafter, and which is between the FSC (or a person related to the FSC) and a person other than a related person.

.04 Election to apply extraterritorial income provisions. In the case of transactions occurring after September 30, 2000, for which the FSC provisions continue to apply pursuant to § 5(c)(1) of the Act, a taxpayer may elect under § 5(c)(2) of the Act to apply the ETI exclusion provisions in lieu of the FSC provisions. A taxpayer makes a § 5(c)(2) election on a transaction-by-transaction basis. Such election with respect to a transaction is effective for the taxable year for which made and all subsequent taxable years.

.05 Method of election. A § 5(c)(2) election is made by checking the box on line 2 in Part I of Form 8873 on which the taxpayer determines its ETI exclusion and attaching the completed form to the taxpayer's timely filed income tax return (including extensions) for the first taxable year of the election. As set forth in Form 8873 and the accompanying instructions, the taxpayer shall attach to Form 8873 a tabular schedule that identifies the transactions for which the taxpayer has elected ETI exclusion treatment pursuant to § 5(c)(2) of the Act.

.06 Method of revocation. A taxpayer may revoke a § 5(c)(2) election with respect to a transaction only with the consent of the Secretary of the Treasury. To request consent for a § 5(c)(2) revocation, the taxpayer shall file a statement entitled "Revocation of Election under Section 5(c)(2) of the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 – Filed Pursuant to **[citation of this revenue procedure]**" requesting revocation of the § 5(c)(2) election. Until regulations are issued, such statement shall include the name, address, taxpayer identification number, and contact phone number of the taxpayer, the Service Center with which the taxpayer filed its last income tax return, the first taxable year of the taxpayer for which the revocation is to be effective, and reasons justifying the granting of consent for the § 5(c)(2) revocation. In addition, the statement shall indicate the transactions to which the request for consent to revoke the § 5(c)(2) election applies. The statement shall be signed by, or on behalf of, the taxpayer requesting consent by an individual with authority to bind the taxpayer in such matters. The taxpayer shall file such statement with Internal Revenue Service, 1111 Constitution Ave. NW, LMSB Mint Bldg., Room M3-333 LM:PFT:I, Washington, DC 20224. A § 5(c)(2) revocation applies to taxable years beginning after the year in which such revocation is requested.

SEC. 7. EFFECTIVE DATE

This revenue procedure is effective October 1, 2000.

SEC. 8. DRAFTING INFORMATION

The principal author of this revenue procedure is Christopher J. Bello of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure, contact Mr. Bello at (202) 874-1490 (not a toll-free call).

SEC. 9. PAPERWORK REDUCTION ACT

The collections of information contained in this revenue procedure have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1731.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collections of information in this revenue procedure are in §§ 3, 4, 5, and 6. The collections in §§ 4, 5 and 6 are required for a taxpayer that elects to exclude some, but not all, of its gross receipts from foreign trading gross receipts for purposes of the ETI exclusion provisions; for a corporation subject to an election to be treated as a domestic corporation to revoke such election; for a taxpayer that elects to apply the ETI exclusion provisions to its transactions in lieu of the FSC provisions; and for a taxpayer subject to an election to apply the ETI exclusion provisions, in lieu of the FSC provisions, to revoke such election. The likely respondents are businesses.

The estimated total annual reporting burden in §§ 5.06 and 6.06 with respect to the revocation of the above elections is 19 hours. The estimated annual burden per respondent is 20 minutes. The estimated number of respondents is 56. The estimated annual frequency of responses is once.

The estimated average annual burden per respondent required in §§ 3, 4, 5.04, and 6.05 is reflected in the burden of Form 8873.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 21, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	183-Day Bill
Issue Date:	May 24, 2001
Maturity Date:	November 23, 2001
CUSIP Number:	912795HW4

High Rate: 3.640% Investment Rate 1/: 3.759% Price: 98.150

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 82.00%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 20,480,334	$ 8,055,834
Noncompetitive	1,344,381	1,344,381
FIMA (noncompetitive)	100,000	100,000
SUBTOTAL	21,924,715	9,500,215 2/
Federal Reserve	4,556,047	4,556,047
TOTAL	$ 26,480,762	$ 14,056,262

Median rate 3.615%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.600%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 21,924,715 / 9,500,215 = 2.31

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,127,196,000

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 21, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	May 24, 2001
Maturity Date:	August 23, 2001
CUSIP Number:	912795HH7

High Rate: 3.540% Investment Rate 1/: 3.622% Price: 99.105

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 37.95%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 24,077,191	$ 9,866,397
Noncompetitive	1,328,706	1,328,706
FIMA (noncompetitive)	305,000	305,000
SUBTOTAL	25,710,897	11,500,103 2/
Federal Reserve	5,233,562	5,233,562
TOTAL	$ 30,944,459	$ 16,733,665

Median rate 3.525%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.500%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 25,710,897 / 11,500,103 = 2.24

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,119,547,000

http://www.publicdebt.treas.gov

PO-391

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:00 P.M.
Tuesday, May 22, 2001

Contact: Tony Fratto
(202) 622-2960

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL HOUSE COMMITTEE ON FINANCIAL SERVICES

Chairman Oxley, Ranking Member LaFalce, members of this Committee, I welcome this opportunity to present my views on reform of the International Monetary Fund (IMF), the World Bank, and the other multilateral development banks (MDBs). I also look forward to hearing your views, to answering your questions, and to discussing these important issues with you.

I believe that we now have a great opportunity to explore ways to reform the international financial institutions, and we must make the tough decisions that will bring about these needed reforms. This is our fiduciary responsibility to the American people who pay the taxes that go to fund these institutions.

I believe that the international financial institutions have an important role to play in the world economy. They can deal with critical problems facing the international financial system, and they can improve the standard of living of people around the world. But I also believe that they can do a much better job than they have done in the past. I want them to be more often associated with success than with failure.

I recognize that reform of these institutions has been a concern of many people and that informative congressional hearings and reports have been completed. Thanks to this work, useful reforms have been proposed. Some of these have been implemented. But there is still much to do.

The International Monetary Fund

I believe that the core objectives of the IMF are to (1) promote sound monetary, fiscal, exchange rate and financial sector policies, (2) carefully monitor economic conditions, and (3) deal with critical problems in the international financial system as soon as they are detected. By achieving these objectives, the IMF can provide greater stability to the international financial system and facilitate the unimpeded exchange of goods, services, and ideas so essential for economic growth. My experience in government and business tells me that the more the IMF focuses on these core objectives, the more effective it will be. And I think there can be more focus.

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Crisis prevention is essential. Crises strike when there is a failure to detect financial stresses or imbalances, or when there is a failure to make the necessary decisions to reduce the stresses and imbalances that have been detected. In reviewing past crises, it seems to me that some economists and financial analysts saw economic conditions deteriorating and that not enough was done at the time to keep crises from gathering steam. The primary responsibility for avoiding crises lies with individual countries' own policy choices. Nonetheless, we in the international community also need to make better efforts to prevent crises – both through better monitoring and through better decision making – so that the IMF devotes less taxpayer money to resolving crises. Further work is needed to identify the most relevant indicators. I hope that the creation of a new capital markets section at the IMF will in fact improve crisis prevention capabilities.

A necessary element of crisis prevention is the pursuit of sound policies and the development of robust financial sectors in each country. The adoption of standards and codes representing the accepted international best practices in financial systems – such as bank capital and supervisory standards and accounting principles – is critical.

Transparency is essential. Even the most telling information is of little use if it does not reach those who rely on it. Ensuring that these assessments capture the most relevant factors and reach the private sector quickly in an easily digested format is essential both to enable markets to make informed judgments and to give countries strong incentives to pursue sound policies. Holding back such information only means that the surprises are bigger when the information finally gets out. Big surprises lead to big changes in prices and can trigger crises.

I strongly support the efforts that many in Congress, as well as other critics of the IMF, have made to increase transparency at the IMF. The IMF is now making transparency a priority, and we are beginning to see changes. Directly through its own website and other publications, and indirectly by asking member countries to increase disclosure, the IMF has helped to increase the information available on countries' economic policies and prospects.

Accountability is essential. Steps need to be taken to increase accountability to IMF shareholders and to the taxpayers. I hope that the creation of the new independent evaluation office at the IMF will in fact increase accountability.

It is also essential that the IMF not create expectations that reduce the incentives for countries and for individuals to take policy actions that are essential to prevent crises. Whenever possible, policy actions should be taken prior to the start of IMF programs. Expectations of continued or additional financial support in the case of poor policy decisions in a country reduce the incentives to make good economic decisions. Moreover, expectations that countries can and will use IMF financial support to meet payments on debt instruments held by the private sector reduce the due diligence that is required to make sound financial decisions. These perverse incentives associated with expectations of large and long-duration IMF funding are compounded if funding is provided at interest rates well below market interest rates.

The actions taken in November to change IMF lending policy are a good step toward reform. By raising the rate of interest charged for large loans and shortening the expected period of time that loans will be outstanding, the IMF can create stronger incentives for countries and private investors to make the right decisions. I hope to see such policies actually used in practice by the IMF. The new Contingent Credit Line (CCL) will also carry higher interest rates, and I like its emphasis on prior actions or pre-qualifications, which will reduce the likelihood of financial crises and contagion. Again I hope to see this new type of loan used in practice.

It is also essential for the IMF to focus its work on areas in which it has expertise and responsibility. In the past I believe that the IMF got involved in a much too wide set of policies in borrowing countries. It went well beyond relevant macroeconomic reforms within its expertise, and this of course increases the likelihood of giving poor advice. The long list of conditions attached to the IMF loan to Indonesia in the late 1990s is an important example. The IMF is now reviewing the conditions it attaches to its programs; I support the effort to sharpen the focus of these conditions. It is essential that the conditions, including prior actions, maintain the integrity and accountability of the Fund.

The Multilateral Development Banks

Like the IMF, the World Bank and the other multilateral development banks should also have a clear set of objectives. In my view their number one priority should be to raise the standard of living of people throughout the world. History tells us that the driving force behind increases in income per capita is rising productivity – the amount that each worker can produce.

If you look at per capita income in different parts of the world, the disparities between countries are clear. Virtually all of those differences can be explained by differences in productivity. Poor countries are poor – poverty exists – because productivity is low in these countries. If we are really going to reduce poverty, there is simply no alternative to increasing productivity in poor countries. I can tell you from my own experience in business that the opportunities for increasing productivity are now greater than at any time in history. The technology and the ideas are there. The challenge is to spread these ideas and to use them.

I believe that the scope of the World Bank has been too diffuse, and this reduces its focus on the core objective of raising income per capita. In the case of each new loan, each new grant we need to ask: how is this decision going to raise income per capita, or raise productivity? Economic research and historical experience tell us that more and better education is an essential ingredient for higher productivity growth. I would like to see the MDBs place greater emphasis on education. President Bush has made education a top priority for the U.S. economy. It should also be a top priority for the world economy.

Productivity can also be increased through more capital and better technology. Entrepreneurial activity in the private sector is what will make these productivity increases happen. Open markets, free trade, low tax rates and sensible regulation – the keys to U.S. growth over the past 20 years – are essential to sparking such entrepreneurial activity and, therefore, productivity. I also believe that greater priority should be given to strengthening the rule of law and promoting good governance. Assessments of borrower fiduciary policies should be central and done prior to any grants or loans. Eliminating corruption should factor more directly in Bank lending decisions.

In addition to these external changes, internal MDB governance should also ensure compliance with approved policies and maximize transparency. We must achieve stronger internal oversight mechanisms to oversee compliance with internal policies and broader information disclosure practices to enhance accountability.

When we recommend that these institutions become more focussed, we must also provide guidance on areas that can be scaled back. I am not of the view that each MDB must be a full-service "supermarket" for the developing world. Each of them could, for instance, focus their lending and grants on essential development goals. While we will be working to give some direction on this front in the coming months, cultural heritage projects that have a peripheral development impact and large infrastructure projects that could easily attract private finance are some areas that come to mind. We also have questions about MDB involvement in sophisticated electronic information sharing systems that may duplicate work being undertaken by the private sector and that do not take into account the more basic information and capacity improvement needs of these countries.

I also believe that the MDBs should focus their resources more on countries that do not enjoy access to private finance, recognizing that many other countries' financing needs are more suitably met through the private markets.

I can also see scope for differentiated loan pricing to achieve better prioritization of lending to middle income countries and better incentives for these countries to rely on private markets. In some cases, we should provide more grants. Grants should be tied to performance. Grants are also more transparent than loans that are not likely to be repaid. If it is a grant we should call it a grant and not a loan.

I also believe that the multilateral development banks can improve their coordination. More work is needed to bring greater consistency where more than one institution is operating in a particular country. The MDBs need to do a better job of sharing ideas and lessons learned about what works and what does not work.

I will also press for results-based performance indicators. We need to know more about what we are getting for our money. I see greater scope for prior actions in loans. We should certainly not increase budget support without evidence that it yields higher development effectiveness and without a clear assessment of its operational and fiduciary risks.

Conclusion

Reform of the international financial institutions is a key priority for the Bush Administration. I have given you some of my views, and I look forward to hearing more about yours. I can promise you that we will dedicate ourselves to these reform goals.

Because these institutions are international, reforming them means working closely with the other shareholders. We at Treasury are now in close contact with our colleagues from around the world to review the work of the IMF and World Bank. I am optimistic that there will be real reforms.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 05/22/01

The Treasury Department today released U.S. reserve assets data for the week ending May 18, 2001. As indicated in this table, U.S. reserve assets totaled $64,559 million as of May 18, 2001, down from $64,868 million as of May 11, 2001.

(in US millions)

I. Official U.S. Reserve Assets	May 11, 2001			May 18, 2001		
TOTAL		64,868			64,559	
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,227	10,759	15,986	5,234	10,657	15,891
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	8,845	4,658	13,503	8,868	4,614	13,482
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			13,708			*13,599*
3. Special Drawing Rights (SDRs) [2]			10,626			*10,541*
4. Gold Stock			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for May 11 are final. The entries in the table above for May 18 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of April 30, 2001. The March 31, 2001 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	May 11, 2001	May 18, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	May 11, 2001	May 18, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

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EMBARGOED UNTIL 9:00 A.M.
May 23, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On May 24, 2001, the Treasury will buy back up to $750 million par of its outstanding callable issues with final maturity between February 2010 and November 2014. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

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Attachment

PO-394

HIGHLIGHTS OF TREASURY DEBT BUYBACK OPERATION

May 23, 2001

Par amount to be bought back .. Up to $750 million
Operation date .... May 24, 2001
Operation close time .... 11:00 a.m. eastern daylight saving time
Settlement date .... May 29, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions .... ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*
11.750	02/15/05-10	912810 CM 8	2,365	1,507
10.000	05/15/05-10	912810 CP 1	2,987	1,811
12.750	11/15/05-10	912810 CS 5	4,321	3,061
13.875	05/15/06-11	912810 CV 8	3,730	2,656
14.000	11/15/06-11	912810 CY 2	4,324	3,348
10.375	11/15/07-12	912810 DB 1	10,452	8,533
12.000	08/15/08-13	912810 DF 2	13,459	10,418
13.250	05/15/09-14	912810 DJ 4	4,481	3,611
12.500	08/15/09-14	912810 DL 9	4,781	3,875
11.750	11/15/09-14	912810 DN 5**	6,006	4,811
		Total	56,906	43,631

* Par amounts are as of May 22, 2001.

** This is the only callable security eligible for the STRIPS Program. As of May 21, 2001, the par amount held as STRIPS is $4,006 million.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System and Federal Government accounts.

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EMBARGOED UNTIL 2:30 P.M.
May 23, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY TO AUCTION $10,000 MILLION OF 2-YEAR NOTES

The Treasury will auction $10,000 million of 2-year notes to refund $27,987 million of publicly held notes maturing May 31, 2001, and to pay down about $17,987 million.

In addition to the public holdings, Federal Reserve Banks hold $5,621 million of the maturing notes for their own accounts, which may be refunded by issuing an additional amount of the new security.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $719 million into the 2-year note.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders. The allocation percentage applied to bids awarded at the highest yield will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

The notes being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

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Attachment

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HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF 2-YEAR NOTES TO BE ISSUED MAY 31, 2001

May 23, 20

<u>Offering Amount</u> ....$10,000 million
<u>Public Offering</u> .... Offering amount less the amount awarded for FIMA accounts

<u>Description of Offering:</u>
Term and type of security ....2-year notes
Series Q-2003
CUSIP number 912827 6Y 3
Auction date ....May 30, 2001
Issue date ....May 31, 2001
Dated date ....May 31, 2001
Maturity date ....May 31, 2003
Interest rate ....Determined based on the highest accepted competitive bid
Yield .... Determined at auction
Interest payment dates .... November 30 and May 31
Minimum bid amount and multiples $1,000
Accrued interest payable by investor ....None
Premium or discount ....Determined at auction

<u>STRIPS Information:</u>
Minimum amount required $1,000
Corpus CUSIP number ....912820 GH 4
Due date(s) and CUSIP number(s)
for additional TINT(s) ....Not applicable

<u>Submission of Bids:</u>
Noncompetitive bids:
Accepted in full up to $5 million at the highest accepted yield.
Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.
Competitive bids:
(1) Must be expressed as a yield with three decimals, e.g., 7.123%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

<u>Maximum Recognized Bid at a Single Yield</u> ....35% of public offering
<u>Maximum Award</u> ....35% of public offering

<u>Receipt of Tenders:</u>
Noncompetitive tenders:
Prior to 12:00 noon eastern daylight saving time on auction day.
Competitive tenders:
Prior to 1:00 p.m. eastern daylight saving time on auction day.

<u>Payment Terms:</u> By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

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For Immediate Release
May 23, 2001

Contact: Tara Bradshaw
(202) 622-2960

O'NEILL STATEMENT ON SENATE PASSAGE OF THE PRESIDENT'S TAX RELIEF BILL

Treasury Secretary Paul O'Neill statement on the Senate passage of the tax bill:

"Today's Senate vote confirms strong bipartisan support for the tax relief principles the President has embraced: cutting income tax rates, increasing the child credit, reducing the marriage penalty and eliminating the death tax. I'm glad members in the Senate decided to put politics aside and allow this bipartisan legislation to move forward. It's now clear that working Americans are going to receive significant tax relief. I look forward to working with the conferees to finish this important work quickly, so we can start sending tax dollars back to the people who sent it in as quickly as possible."

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
May 23, 2001

Contact: Peter Hollenbach
(202) 691-3502

TREASURY TO HONOR WINNERS OF SAVINGS BOND POSTER CONTEST; TOP POSTER WILL BE 2002 CAMPAIGN POSTER

Van Zeck, Commissioner of the Public Debt, will present the three national winners in the 10th Annual Savings Bonds Poster Contest with awards during a ceremony at the Capital Children's Museum in Washington, D.C. on May 24, 2001 at 10 a.m. The winning posters were selected from the winners of poster contests held in each State, the District of Columbia, and Puerto Rico earlier this year.

The three winning posters are the work of a fourth grader from New Rochelle, New York, a fifth- grader from Rockford, Michigan and the first place winner, a six-grader from Brownsville, Texas. Their posters, and those of the other 49 finalists, will be displayed in lighted dioramas in more than 70 airports around the country this fall. Also, the posters will be exhibited in Washington D.C., at the Capital Children's Museum and the Bureau of Engraving and Printing on 14th St, S.W., from June through October.

The first place winner, Vanessa Mendez, a sixth-grader at Senator Eddie A. Lucio Jr. Middle School, Brownsville, Texas will receive a $5,000 U.S. Savings Bond and her poster will be used to promote the sale of bonds nationwide in 2002. When asked what she is going to do with her award, Vanessa said, "I plan to save it for my education."

The second and third place winners, Keith Dufendach, a fifth grader at Crestwood Elementary School, Rockford, Michigan and Andrew Morejon a fourth-grader who attends Daniel Webster Magnet School, New Rochelle, New York will receive $2,000 and $1,000 in savings bonds, respectively.

"The poster contest provides children with a vehicle for artistic expression while learning about the value of saving," said Van Zeck, Commissioner of the Public Debt. "We hope learning about U.S. Savings Bonds will spark younger Americans' interest in the broader world of saving and investing."

Russ Turner, President and CEO, United Space Alliance, Houston, Texas sponsored this year's contest. Mr. Turner also chaired the 2000 U.S. Savings Bonds Volunteer Committee. The trip to Washington, D.C., for this year's winners is also being made possible by the following sponsors which donated their services: the Renaissance Washington DC Hotel, Planet Hollywood, and the Hard Rock Café.

The Bureau of the Public Debt administers the U.S. Savings Bonds program as part of its overall responsibilities for Treasury's debt finance operations.

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Embargoed until 9:30AM
May 24, 2001

Contact Rob Nichols
202-622-2910.

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL SENATE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. Chairman, Senator Kennedy, Members of the Committee, thank you for inviting me to testify today on the subject of patient safety.

I am pleased to join Secretary Thompson here today. Obviously, his role at HHS is to lead the Federal government's contribution to address this critical issue. I am appearing today not so much in my capacity as Treasury Secretary, but as someone who has seen firsthand what is possible when all of those involved in paying for and delivering health care in a region come together to seek systematic and far-reaching improvements in quality. I want to share with you what I learned from this experience working to reform the local health care delivery system on the ground level out in Pittsburgh when I was at Alcoa.

The Tip of the Iceberg of Systemic Problems

I believe that through local efforts to systematically improve the way health care is practiced, we can substantially enhance the value of health and medical care in this country. If we could capture the potential that exists to do it right the first time, I believe we can simultaneously increase quality and reduce cost in health and medical care potentially as much as 30 to 50 percent.

The scope of the problem has been documented well in the last two reports that have been issued by the Institute of Medicine. In particular, their first report called attention to the fact that as many as 100,000 people a year are dying as a result of medical mistakes, and highlighted the level of mistake-making that takes place in the daily delivery of care – not because doctors and nurses are being sloppy or careless, but because they are not working within systems designed for quality care and patient safety.

I believe that this is just the tip of an iceberg of the systemic problems that have accumulated over the years. These problems have been further exacerbated by changes to tort laws, administered prices, and other regulations that are often driven by the notion that health care providers are less than honorable people. As a result, doctors often feel that they are considered the enemy.

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The system of malpractice liability makes it very difficult for medical professionals to tell each other when they've made a mistake – and therefore to learn from it – because if they do so, they risk losing their right to provide medical care.

I believe we need to look at the things we can do in Washington to create an environment in which locally led initiatives to improve health care quality can succeed. And hearings like this one and other efforts to use the "bully pulpit" can help these local efforts spread from one area to another.
We should remove barriers to quality in the current reimbursement systems. Ideally, payment systems in government-run health care programs, such as Medicare, should reward quality and productivity improvements. At a minimum, they should not reward complications. But I'm also convinced that, no matter how hard we may try, continuing to focus on well-intentioned but ever more complex modifications to reimbursement formulas, coupled with more and more complex regulations, will not fundamentally reorient the system toward creating value and quality health care for the patients. If we're going to see substantial and lasting improvement, the real work is going to be done on the ground in places ranging from Deaconess Hospital in Boston to the Intermountain Health Care System in Salt Lake City, where they're working on these important ideas. Indeed, a recent study at Intermountain found they had reduced costs in an intensive care unit by at least 30 percent while increasing care quality as a result of adopting a systems-based approach. That's why I am so optimistic about even broader approaches to systemic reform like the one I helped start in Pittsburgh.

The Pittsburgh Regional Healthcare Initiative

Three years ago, I became involved with a community effort called the Pittsburgh Regional Healthcare Initiative (PRHI). Created in 1997 and supported by local business and medical communities, as well as more recently by the Department of Health and Human Services, PRHI has launched a process aimed at radically improving regional health system performance.

PRHI consists of hundreds of clinicians, 36 hospitals, 4 health plans, the region's major healthcare purchasers and other key healthcare stakeholders. Health care purchasers and providers have agreed that faulty systems are responsible for producing the wrong outcomes at unacceptably high levels, and imposing unnecessary costs. To address this problem, PRHI has employed quality management principles pioneered at Toyota and refined at Alcoa.

They have adopted the central goal of achieving "perfect patient care" by identifying and solving problems at the point of patient care using a systems approach. PRHI is pursuing this through several strategies. One is to improve safety by eliminating medication errors and hospital acquired infections. Another is to undertake pilot efforts to measure and eliminate complications and re-admissions in five major areas of clinical practice (cardiac procedures, hip knee replacement, repeat c-sections, depression, and diabetes). These projects are now at various stages of maturity.

Early Findings

Based on the early experience at PRHI, I would urge the Committee to consider how public policies can support – or at least not impede – efforts like those at PRHI to improve patient safety and health care quality. PRHI's early findings include the following points.

Solutions are found in proven strategies for improving complex systems. The world's leading example of highest quality/lowest cost manufacturing – Toyota – has demonstrated the power of these principles for years. I adopted them myself at Alcoa. Properly applied, these tools drive a fundamental reordering and simplification of work processes, rather than transitory improvements. These ideas have potentially powerful application in health care – particularly because they let doctors and nurses do something about the frustrating things that are keeping them away from their patients, and let them get back to delivering the kind of quality care to people that made them want to enter the profession. This approach is distinctly different from top-down or "magic bullet" approaches to quality improvement that have so disillusioned many in health care and other industries. And when you see what can happen when you let the people in the hospital pharmacy design and implement the solutions to prevent medication errors before they occur, you realize the power of this approach.

Focus on the patient. Great organizations are entirely focused on delivering what their customers need. But, healthcare delivery systems are not yet managed according to patient need and quality outcome. That's why we need to focus on patient care at the point of delivery.

Goals should be placed at the theoretical limit of performance - perfect patient care. In the case of patient safety problems, the goal should be *perfect* patient care—zero adverse incidents resulting from medical errors. Progress comes in increments, but to set incremental goals – even seemingly ambitious goals (such as reducing medication errors 50%) risks complacency with improvements that may be merely transitory and not sustainable. Setting zero errors as a goal encourages breakthrough thinking, orients work cultures towards continuous improvement, and keeps people pushing toward the goal.

Collaboration not coercion. Patient safety is not something that can be "done" by any one group or institution to another. Only by a commitment to learning and working together at the point of patient care delivery is fundamental progress possible. This involves changes in the environment of medical practice to support and reward systemic initiatives like PRHI.

It's the people who do the work who make change. Raising the performance of healthcare systems requires the people "on the ground" who perform care to make and sustain change. The national debate about financing mechanisms, "patients' rights" and patient satisfaction obscures the basic imperative: seeing that every patient gets what he or she needs at the right time, the first time.

The creation of systems capable of producing superior results every time cannot be ordered from Washington or the hospital CEO's office. It requires an alignment of incentives, values, goals and skills among workers "on the ground" – from the receptionist to the physician – which is not commonly taught or supported in health systems. It includes giving people tools to do it right the first time. For example, one PHRI hospital is experimenting with a voice recognition prescription system to eliminate medication errors right at the front end.

Measurement and reporting systems must be in place to facilitate learning. If you can't measure it, you can't improve it. If you don't measure it, you're not serious about improving it. Yet, when it comes to patient safety and health care quality, the necessary data often don't exist. That's why PRHI has started by gathering baseline data on medication errors, complications, infection rates, and death rates. Only then could PRHI begin to learn from mistakes and make real changes.

It must be safe to learn from errors. This is a fundamental requirement for improvement. Punishment, ridicule and legal exposure drive reporting underground so learning does not occur. Properly constructed quality and safety initiatives should be protected from liability. They are not now.

The real cost of waste and errors first has to be captured in order to be eliminated. It's impossible to quantify and correct the waste in the healthcare delivery system until accounting systems can link measures of resource use to clinical processes and patient outcomes. Activity-Based Cost (ABC) accounting is an emerging standard among the highest-performing American industrial producers and has proven its ability to dramatically improve the performance of complex organizations. By contrast, healthcare cost accounting today continues to merely aggregate resource flows, to focus primarily on maximizing overall reimbursement for the hospital, and to link to few if any, measures of clinical outcomes. The goal PRHI has is to give managers the data they need to direct resources to improve patient care. PRHI is now working to develop ABC demonstrations.

While many of these reforms are still in their infancy, PRHI believes it can generate a 33% to 50% improvement in the value of health care delivered in Southwestern Pennsylvania within three years in a working model that should offer insights to the rest of the country.

Thank you again for inviting me to appear this morning.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
May 24, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $750 million par of its outstanding callable issues. A total of 10 callable issues with final maturity between February 2010 and November 2014 were eligible for this operation. The settlement date for this operation will be May 29, 2001. Summary results of this operation are presented below.

(amounts in millions)

Offers Received (Par Amount):	$6,733
Offers Accepted (Par Amount):	750
Total Price Paid for Issues (Less Accrued Interest):	1,021
Number of Issues Eligible:	
For Operation:	10
For Which Offers were Accepted:	4
Weighted Average Yield to Call of all Accepted Offers (%):	5.043
Weighted Average Maturity to Call for all Accepted Securities (in years):	4.9

Details for each issue accompany this release.

PO-399

May 24, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
11.750	02/15/05-10	110	50	123.062	123.062
10.000	05/15/05-10	432	0	N/A	N/A
12.750	11/15/05-10	380	240	130.593	130.556
13.875	05/15/06-11	235	185	138.437	138.327
14.000	11/15/06-11	435	275	142.062	142.013
10.375	11/15/07-12	1,098	0	N/A	N/A
12.000	08/15/08-13	2,081	0	N/A	N/A
13.250	05/15/09-14	447	0	N/A	N/A
12.500	08/15/09-14	1,010	0	N/A	N/A
11.750	11/15/09-14	505	0	N/A	N/A

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield to Call	Weighted Average Accepted Yield to Call	Par Amount Privately Held*
11.750	02/15/05-10	912810CM8	4.882	4.882	1,457
10.000	05/15/05-10	912810CP1	N/A	N/A	1,811
12.750	11/15/05-10	912810CS5	5.012	5.020	2,821
13.875	05/15/06-11	912810CV8	5.025	5.046	2,471
14.000	11/15/06-11	912810CY2	5.083	5.091	3,073
10.375	11/15/07-12	912810DB1	N/A	N/A	8,533
12.000	08/15/08-13	912810DF2	N/A	N/A	10,418
13.250	05/15/09-14	912810DJ4	N/A	N/A	3,611
12.500	08/15/09-14	912810DL9	N/A	N/A	3,875
11.750	11/15/09-14	912810DN5	N/A	N/A	4,811

Total Par Amount Offered: 6,733

Total Par Amount Accepted: 750

Note: Due to rounding, details may not add to totals.

*Amount outstanding after operation. Calculated using amounts reported on announcement.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
May 24, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $22,000 million to refund $29,519 million of publicly held bills maturing May 31, 2001, and to pay down about $7,519 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $8,343 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,000 million into the 13-week bill and $859 million into the 26-week bill.

The allocation percentage applied to bids awarded at the highest discount rate will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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PO-400

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MAY 31, 2001

May 24, 2001

Offering Amount	$12,000 million	$10,000 million
Public Offering	Offering amount less the amount awarded for FIMA accounts	

Description of Offering:

Term and type of security	91-day bill	182-day bill
CUSIP number	912795 HL 8	912795 HM 6
Auction date	May 29, 2001	May 29, 2001
Issue date	May 31, 2001	May 31, 2001
Maturity date	August 30, 2001	November 29, 2001
Original issue date	August 31, 2000	November 30, 2000
Currently outstanding	$25,014 million	$12,517 million
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate ....35% of public offering

Maximum Award ....35% of public offering

Receipt of Tenders:

Noncompetitive tenders...Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders......Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
May 24, 2001

Contact: Office of Financing
202/691-3550

TREASURY TO AUCTION CASH MANAGEMENT BILLS

The Treasury will auction approximately $20,000 million of 14-day and $35,000 million of 14-day Treasury cash management bills. The noncompetitive and competitive closing time will be 11:30 a.m. eastern daylight saving time for both auctions.

Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (*TreasuryDirect*).

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

The auctions being announced today will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest discount rate of accepted competitive tenders. The allocation percentage applied to bids at the highest discount rate will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

NOTE: Competitive bids in cash management bill auctions must be expressed as a discount rate with two decimals, e.g., 7.10%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new securities are given in the attached offering highlights.

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PO-401
Attachment

HIGHLIGHTS OF TREASURY OFFERINGS OF CASH MANAGEMENT BILLS

May 24, 2001

Offering Amount	$20,000 million	$35,000 million
Public Offering	Offering amount less the amount awarded for FIMA accounts	
Description of Offering:		
Term and type of security	14-day bill	14-day bill
CUSIP number	912795 GL 9	912795 KJ 9
Auction date	May 30, 2001	May 31, 2001
Receipt of Tenders (eastern daylight saving time):		
Noncompetitive tenders	Prior to 11:30 a.m. on auction day	Prior to 11:30 a.m. on auction day
Competitive tenders	Prior to 11:30 a.m. on auction day	Prior to 11:30 a.m. on auction day
Issue date	May 31, 2001	June 1, 2001
Maturity date	June 14, 2001	June 15, 2001
Original issue date	December 14, 2000	June 1, 2001
Currently outstanding	$29,677 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids .... (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate .... 35% of public offering

Maximum Award .... 35% of public offering

Payment Terms .... By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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U.S. International Reserve Position 5/29/01

The Treasury Department today released U.S. reserve assets data for the week ending May 25, 2001. As indicated in this table, U.S. reserve assets totaled $64,920 million as of May 25, 2001, down from $64,971 million as of May 18, 2001.

(in US millions)

I. Official U.S. Reserve Assets	May 18, 2001			May 25, 2001		
TOTAL	64,971			64,920		
	Euro	Yen	TOTAL	Euro	Yen	TOTAL
1. Foreign Currency Reserves						
a. Securities	5,234	10,657	15,891	5,115	10,915	16,029
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	8,868	4,614	13,482	8,677	4,725	13,402
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			14,011			*13,948*
3. Special Drawing Rights (SDRs) [2]			10,541			*10,495*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for May 18 are final. The entries in the table above for May 25 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of April 30, 2001. The March 31, 2001 value was $11,046 million.

PO-402

U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets	May 18, 2001	May 25, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets	May 18, 2001	May 25, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 29, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	May 31, 2001
Maturity Date:	August 30, 2001
CUSIP Number:	912795HL8

High Rate: 3.605% Investment Rate 1/: 3.688% Price: 99.089

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 11.75%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,112,665	$ 10,503,665
Noncompetitive	1,325,828	1,325,828
FIMA (noncompetitive)	170,600	170,600
SUBTOTAL	23,609,093	12,000,093 2/
Federal Reserve	4,494,765	4,494,765
TOTAL	$ 28,103,858	$ 16,494,858

Median rate 3.590%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.545%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 23,609,093 / 12,000,093 = 1.97

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,084,348,000

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TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 29, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	May 31, 2001
Maturity Date:	November 29, 2001
CUSIP Number:	912795HM6

High Rate: 3.550% Investment Rate 1/: 3.666% Price: 98.205

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 66.55%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 21,595,472	$ 8,556,587
Noncompetitive	1,187,352	1,187,352
FIMA (noncompetitive)	256,500	256,500
SUBTOTAL	23,039,324	10,000,439 2/
Federal Reserve	3,848,195	3,848,195
TOTAL	$ 26,887,519	$ 13,848,634

Median rate 3.530%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.500%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 23,039,324 / 10,000,439 = 2.30

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $916,411,000

PUBLIC DEBT NEWS

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TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 30, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 14-DAY BILLS

Term:	14-Day Bill
Issue Date:	May 31, 2001
Maturity Date:	June 14, 2001
CUSIP Number:	912795GL9

High Rate: 3.95 % Investment Rate 1/: 4.02 % Price: 99.846

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 64.03%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 59,815,000	$ 20,000,740
Noncompetitive	0	0
TOTAL	$ 59,815,000	$ 20,000,740

Median rate 3.94 %: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.90 %: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 59,815,000 / 20,000,740 = 2.99
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

1/ Equivalent coupon-issue yield.

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 30, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

Interest Rate:	4 1/4%	Issue Date:	May 31, 2001
Series:	Q-2003	Dated Date:	May 31, 2001
CUSIP No:	9128276Y3	Maturity Date:	May 31, 2003

High Yield: 4.327% Price: 99.854

All noncompetitive and successful competitive bidders were awarded securities at the high yield. Tenders at the high yield were allotted 45.57%. All tenders at lower yields were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 24,745,055	$ 8,862,975
Noncompetitive	1,137,034	1,137,034
SUBTOTAL	25,882,089	10,000,009 1/
Federal Reserve	3,333,333	3,333,333
TOTAL	$ 29,215,422	$ 13,333,342

Median yield 4.305%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low yield 4.250%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 25,882,089 / 10,000,009 = 2.59
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.
THE STRIPS MINIMUM IS $1,000.

1/ Awards to TREASURY DIRECT = $866,851,000

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
May 31, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $23,000 million to refund $20,029 million of publicly held bills maturing June 7, 2001, and to raise about $2,971 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $10,778 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $988 million into the 13-week bill and $1,065 million into the 26-week bill.

The allocation percentage applied to bids awarded at the highest discount rate will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

PO-408

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED JUNE 7, 2001

May 31, 2001

Offering Amount	$12,500 million	$10,500 million
Public Offering	Offering amount less the amount awarded for FIMA accounts	

Description of Offering:

Term and type of security	91-day bill	182-day bill
CUSIP number	912795 HN 4	912795 GU 9
Auction date	June 4, 2001	June 4, 2001
Issue date	June 7, 2001	June 7, 2001
Maturity date	September 6, 2001	December 6, 2001
Original issue date	March 8, 2001	June 7, 2001
Currently outstanding	$15,398 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate ....35% of public offering

Maximum Award ....35% of public offering

Receipt of Tenders:

Noncompetitive tenders...Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders......Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
May 31, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 14-DAY BILLS

Term:	14-Day Bill
Issue Date:	June 01, 2001
Maturity Date:	June 15, 2001
CUSIP Number:	912795KJ9

High Rate: 3.97 % Investment Rate 1/: 4.02 % Price: 99.846

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 85.00%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 68,950,000	$ 35,000,000
Noncompetitive	0	0
TOTAL	$ 68,950,000	$ 35,000,000

Median rate 3.95 %: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 3.90 %: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 68,950,000 / 35,000,000 = 1.97
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

1/ Equivalent coupon-issue yield.