

April 6, 2011

Department of the Treasury
Internal Revenue Service
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

RE: Opposition to proposed IRS rule REG-146097-09

To Whom It May Concern:

These comments are presented on behalf of the San Antonio Hispanic Chamber of Commerce in response to a notice of proposed rulemaking published in the Federal Register on January 7, 2011 (Volume 76, Number 5), pages 1105-1108, RIN number RIN 1545-BJ01.

About the San Antonio Hispanic Chamber of Commerce

Founded on May 5, 1929, the San Antonio Hispanic Chamber of Commerce is America's first Hispanic chamber, having been originally chartered as the Mexican Chamber of Commerce. Today, there are about 35 Hispanic chambers of commerce in Texas and about 600 across the nation. In 2009, the Hispanic Chamber became the first Chamber in San Antonio, and the first Hispanic Chamber in the U.S. to be accredited by the U.S. Chamber of Commerce. The San Antonio Hispanic Chamber of Commerce is a non-profit organization that serves as San Antonio's leading resource and advocate for Hispanic businesses, Hispanics in business, and provides premiere access to the Hispanic market.

The Hispanic Chamber's membership consists of more than 900 businesses ranging from local sole proprietorships to large national corporations.

Concerns on reporting interest paid to nonresident aliens:

As you know, our national economy benefits overall from foreign investment into the United States. In fact, foreign deposits provide capital for lending, which in turn helps build communities and create jobs. The proposed IRS rule, REG-146097-09, undermines long standing Congressional Policy to encourage foreign capital investment. For many years, Congress has consistently chosen policies that attract capital investment over taxing that capital. The current policy has helped attract over \$3 trillion of foreign capital to U.S. financial institutions, which has helped to keep interest rates low and credit more available. In contrast, if the IRS establishes this rule, the result would likely lead to the flight of billions of dollars from our financial institutions, leading to the unintended consequence of severely impeding our economic recovery by driving billions of dollars of job-creating capital out of our country.

Another serious concern with this proposed rule is that it would place some foreign investors in a dangerous situation as the information being collected for every country will include regimes that are corrupt and that do not respect civil rights or liberties, posing the threat of extortion, blackmail, kidnapping or worse to the citizens of those nations. The threat to personal security

posed by the collection of this information will cause foreign investors to move their investments out of the U.S, leading to an estimated \$87 billion loss of capital from the United States if implemented.

Recommendation:

The San Antonio Hispanic Chamber of Commerce, the first Hispanic Chamber in the nation, representing 900 businesses in the greater San Antonio area, opposes IRS rule REG-146097-09. This regulation is bad for our nation's financial institutions and more importantly, will stymie our economic upswing. As such, the San Antonio Hispanic Chamber of Commerce respectfully asks that IRS rule REG-146097-09 be withdraw and that the current policy is kept intact.

We thank the Department of the Treasury and the IRS for the opportunity to submit these concerns and recommendations. We offer our organization's 82-year history in cross-border relations, business development, economic research, and trade as a resource to the Department of Treasury and the IRS on this issue.

Respectfully,

A handwritten signature in blue ink that reads "Ramiro Cavazos". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ramiro Cavazos
President and CEO
San Antonio Hispanic Chamber of Commerce