



August 30, 2005

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

Dear Chairman Grassley:

The undersigned banking trade associations offer our support for the Technical Tax Corrections Act of 2005 (H.R. 3376 and S. 1447). Late last year, the enactment of the American Jobs Creation Act of 2004 ("AJCA") provided many positive and pro-growth tax reforms, including significant Subchapter S Corporation reforms. Fortunately, the Technical Tax Corrections Act of 2005 will ensure that provisions included in AJCA can be properly implemented as intended by Congress. We support this important effort and urge lawmakers to quickly pass the Technical Tax Corrections Act as introduced.

We are especially pleased to see that the Technical Tax Corrections Act of 2005 includes several needed technical corrections to the S Corporation reforms included in the AJCA.

Specifically, the Technical Tax Corrections Act helps clarify that eligible Subchapter S shareholders include IRAs holding stock in a bank, bank holding company, or thrift holding company. The legislation will also make clear that the scope of the passive income exemption provision encompasses thrift holding companies. Moreover, important language is included that will clarify that a qualified Subchapter S subsidiary is a separate entity for purposes of information returns. This legislation will also ensure that the estate of a family member is treated as a member of the family for purposes of determining the number of shareholders. Finally this measure will verify that eligible adopted and foster children will be treated as "lineal descendants" or "common ancestors" in the definition of "members of the family" in the tax code.

These crucial technical corrections to the Subchapter S reforms in the AJCA will provide our membership with much-needed clarity. We appreciate your efforts and urge speedy passage of this important legislation.

Sincerely,



Ed Yingling  
President and CEO  
American Bankers  
Association



Diane Casey-Landry  
President and CEO  
America's Community  
Bankers



Camden R. Fine  
President and CEO  
Independent Community  
Bankers of America