

September 9, 1976

Mr. Donald E. Fry  
1879 Wiessner Drive, N.E.  
Salem, Oregon 97303

Dear Mr. Fry:

This is in reply to your letter of August 22, 1976. In that letter, you express support for legislation to amend the Internal Revenue Code to permit the character of tax-exempt interest distributed by a mutual fund to "flow-through" as tax-exempt interest to its shareholders.

As you may know, the Senate recently passed an amended version of H.R. 10612, the tax reform bill which passed the House of Representatives last year. Section 2709 of the Senate amendment incorporates the Senate floor amendment by Senator Percy which would provide substantially the same relief as you request in your letter. On August 27, 1976, the House conferees tentatively agreed to accept this Senate amendment. I should point out, however, that all decisions of the conference are tentative and are subject to reconsideration until the conference report has been filed.

I hope this information is useful to you and I thank you for writing to me and the Committee on Ways and Means.

Sincerely,

Al Ullman  
Chairman

AU:bhr