

100-1127
FEB 23 1985

Dear Mr. Rousseau:

Thank you for your letter to Secretary Regan concerning the effect of the Treasury Department tax reform proposals on tax-exempt securities. We are in the process of reviewing our proposals on the basis of comments from the public, such as yours.

I would be particularly interested if you could provide specific descriptions of projects which you believe are governmental activities that may be adversely affected by restricting tax exemption to governmental bonds. Detailed examples of projects you are uncertain about would help us clarify the proposal.

Finally, you requested information on the methodology used to measure the revenue loss from tax-exempt bonds. I have enclosed an earlier Office of Tax Analysis working paper entitled "Modelling Revenue and Allocation Effects of the Use of Tax-Exempt Bonds for Private Purposes." If your staff has further questions on the revenue effects of tax-exempt bonds, they can speak with a member of my staff, Thomas Neubig, at 202-566-8563.

Sincerely,

(Signed) Ronald A. Pearlman

Ronald A. Pearlman
Acting Assistant Secretary
(Tax Policy)

Mr. Jean J. Rousseau
Chairman
Public Securities
Association
One World Trade Center
New York, NY 10048

XAA:TNeubig:et 1/30/85

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER
	XAA	XLC	XAA	XAA	
SURNAME	Neubig	Krolkowski	Carlson	McLure	Edit
INITIAL/DATE	TBN / 1/30/85	VK / 1/23/85	GC / 2-1-85	SM / 2-1-85	/ /