

**Denny Rehberg**  
State of Montana

**Transportation and  
Infrastructure Committee**

Water Resources and  
Environment, Vice Chairman  
Highways and Transit  
Aviation

**Congress of the United States**  
**House of Representatives**

Washington, DC 20515

July 30, 2001

**Agriculture Committee**  
Department Operations, Oversight,  
Nutrition and Forestry

General Farm Commodities and  
Risk Management  
Specialty Crops and Foreign  
Agriculture Programs

**Resources Committee**  
Energy and Mineral Resources

The Honorable Paul O'Neill  
Secretary,  
U.S. Department of Treasury  
1500 Pennsylvania Avenue  
Washington, DC 20220

Dear Secretary O'Neill,

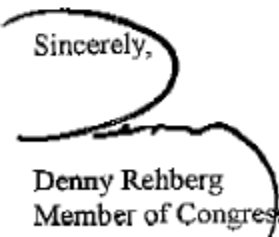
I am writing to call your attention to an issue that threatens our long-term ability to implement tax reductions and fundamental tax reform. The Organization for Economic Cooperation and Development (OECD) and the European Union (EU) are seeking to impose an "information exchange" regime upon low-tax jurisdictions. These initiatives, which attracted support from your predecessor, are an attack on privacy and fundamentally inconsistent with the market-based principles that we both share.

Tax competition is a positive force in the global economy. It forces lawmakers to reduce tax rates and make long-overdue budgetary reforms. Yet information exchange is a backdoor form of tax harmonization since it would allow governments to impose "home-country" tax rates on income residents earn in other jurisdictions.

America should not take part in any multi-lateral effort that seeks to penalize nations with low tax burdens. We also should be careful about supporting an endeavor that could be used against us in the future. As you know, the United States is a "tax haven" compared to many other nations. This low-tax status has allowed us to attract trillions of dollars of wealth to our economy, all of which has boosted job creation and economic performance. I am troubled that some of our high-tax competitors eventually would use the OECD's attack on low-tax nations as a precedent to pressure us to eliminate our favorable tax and privacy laws.

Thanks for your taking the time to consider my views on this issue.

Sincerely,

  
Denny Rehberg  
Member of Congress

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