

CIEBA Membership

Abbott Laboratories
The Aerospace Corp.
Allied-Signal, Inc.
Aluminum Co. of America
American Cyanamid Co.
American Express
Ametek Corp.
Amoco Corp.
AR Investment Svcs., Inc.
CO Investment Mgmt. Co.
Arla, Inc.
Armco, Inc.
Asea Brown Boveri, Inc.
AT&T Investment Mgmt. Corp.
Automobile Club of Southern California
Avon Products, Inc.
Bausch & Lomb
Becon Dickinson & Co.
Bellsouth Corp.
Blue Cross & Blue Shield Assoc.
of Chicago
BP America, Inc.
Bristol-Myers Squibb
Brown & Williamson Tobacco Corp.
Burroughs Wellcome Co.
Campbell Soup Co.
Chevron Corp.
Chrysler Corp.
Ciba-Geigy
Colgate-Palmolive Co.
Consolidated Edison Co. of New York
Cooper Tire & Rubber Co.
CPC International, Inc.
Deere & Co.
Detroit Edison Co.
Digital Equipment Corp.
Donaldson Co., Inc.
The Dow Chemical Co.
Dresser Industries, Inc.
DuPont Pension Fund Investment
The E.W. Scripps Co.
Eastman Kodak Co.
EG&G, Inc.
Elkem Metals Co.
Enserch Corp.
Equifax, Inc.
Exxon Corp.
Florida Power & Light
FMC Corp.
Ford Motor Co.
GenCorp, Inc.
General Mills, Inc.
General Electric Investment Corp.
General Dynamics Corp.
General Signal Corp.
GM Investment Mgmt. Corp.
The Goodyear Tire & Rubber Co.
GTE Investment Mgmt. Corp.
Halliburton Co.
Hallmark Cards, Inc.
Harris Corp.
Hercules, Inc.
Hershey Foods Corp.
Honeywell, Inc.
M Corp.
International Paper Co.
Republic Group of Companies
ITT Corp.
The Kroger Co.
Laird Corp.
Marsh & McLennan Companies, Inc.
Maytag Corp.
McDermott Int'l Invest. Co., Inc.
McGraw-Hill, Inc.
MDU Resources Group, Inc.
Mead Corp.
Merck & Company, Inc.
Mine Safety Appliances Co.
Minnesota Mining & Manuf. Co.
Mobil Corp.
Monsanto Co.
Morton International, Inc.
NAVISAR
North American Philips Corp.
Northrop Corp.
Owens-Corning Fiberglas Corp.
Pacific Telesis Group
Pacific Gas & Electric Co.
PepsiCo, Inc.
Pfizer, Inc.
Philadelphia Electric Co.
Philip Morris Companies
The Pillsbury Co.
Pitney Bowes, Inc.
PPG Industries, Inc.
Ralston Purina Co.
RJR Nabisco, Inc.
Rohm and Haas Co.
Schering-Plough Corp.
Shell Oil Co.
Siemens Corp.
SmithKline Beecham
Southern New England Tele. Corp.
Southern California Edison
Southwestern Bell Corp.
Sprint Corp.
Sun Company, Inc.
Tenneco, Inc.
Tessco, Inc.
The Procter & Gamble Co.
The Perkin-Elmer Corp.
U.S. WEST, Inc.
U.S. Steel & Carnegie Pension Fund
Union Pacific Corp.
UNISYS Corp.
United Technologies Corp.
The Upjohn Co.
Water-Lambert Co.
Westinghouse Electric Corp.
Xerox Corp.
Yung & Rubicam, Inc.

CIEBA Officers

Chair
Fred G. Weiss, Warner-Lambert Co.
Vice Chair
Myra B. Drucker, Xerox Corp.
Vice Chair
John B. Carroll, GTE Investment
Mgmt. Corp.

CIEBA

The Committee on Investment of Employee Benefit Assets

November 2, 1993

The Honorable Dan Rostenkowski
The Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515-1305

Dear Chairman Rostenkowski:

As senior corporate executives who collectively manage over \$700 billion in ERISA governed pension assets, the Committee on Investment of Employee Benefit Assets (CIEBA) strongly opposes the application of the Unrelated Business Tax Income (UBTI) to dividends from subpart F corporations received by tax exempt entities proposed in the Committee on Ways and Means' Tax Simplification and Technical Corrections Act of 1993.

CIEBA opposes the application of the UBTI tax because it:

- o Represents a precedent setting change to the tax-deferred treatment of pension investments and their earnings which deserves full and open debate before consideration.
- o Is much too broad in that it applies to all categories of subpart F income. If there is concern that offshore captive insurance companies are abusing subpart F, a proposal that focuses narrowly on this concern should be developed.
- o Applies to a tax-exempt shareholder owning as little as 10 percent of a foreign corporation's stock which is significantly below UBTI's historical ownership test.
- o Represents a major departure in the application of UBTI since domestically, shareholders are not taxed on UBTI and UBTI rules have not sought to equalize the cost of capital between tax-exempt and taxable ownership.
- o Would create expensive and complex identification and reporting burdens in order to comply with the provision for almost all pension plans since most U.S. stock portfolios contain foreign stocks even if they are below the 10% ownership threshold.



Financial Executives Institute

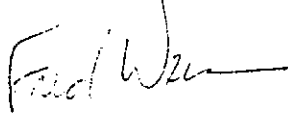
Washington Office: 1150 Connecticut Ave. N.W. Suite 1125 • Washington, D.C. 20036-4601 • (202) 659-3700 • fax (202) 857-0230
Headquarters: 10 Madison Avenue • P.O. Box 1938 • Morristown, NJ • 07962-1938 • (201) 898-4600

The Honorable Dan Rostenkowski
November 2, 1993
Page Two

For these reasons, we strongly oppose the inclusion of the UBTI provision in the Tax Simplification and Technical Corrections Act of 1993 and urge you to strike this provision from the bill.

We would welcome the opportunity to discuss our concerns with you and your staff.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fred Weiss", with a horizontal line extending to the right.

Fred G. Weiss
Chairman