



TT&L
003
8/20/99

Ms. Cynthia L. Johnson, Director
Cash Management Policy & Planning Division
Financial Management Service, Room 420
401 14th Street, SW
Washington, D.C. 20227

August 18, 1999

Re: Proposed Amendment to Treasury Tax & Loan Rate of Interest

Dear Ms. Johnson:

Should the Treasury decide to begin using a published overnight repurchase agreement rate to establish the interest rate charged on TT&L balances, this bank would revert to a remittance option depository. Since TT&L balances are invested in overnight fed funds, I would find it a little difficult to justify earning a lower, or even similar, interest rate than the bank would be paying for these funds.

If the Treasury is truly considering this change to approximate the market interest rate for collateralized lending, maybe some consideration should be given also to a realistic reimbursement to financial institutions for their cost of collection, processing, and remittance of TT&L payments.

Yours truly,

A handwritten signature in cursive script that reads 'V. Lewis Shuler'.

V. Lewis Shuler
Executive Vice President / CFO