

October 4, 1976

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 11997 - the Bank Holding Company Tax Act of 1976.

This bill provides tax relief with respect to certain divestitures made by bank holding companies pursuant to the Bank Holding Company Act Amendments of 1970.

When the 1970 Bank Holding Company Act Amendments were passed, it was anticipated that Congress would later provide relief from the tax burdens resulting from the divestitures required under the 1970 legislation. The enrolled bill provides that anticipated tax relief by two means. First, it would continue the "spinoff" approach generally along the same lines as the 1956 and 1966 legislation.

Second, a new method of tax relief has been added in recognition of differences between bank holding companies subject to the 1970 legislation compared with bank holding companies subject to the previous acts which in many instances make the spinoff method of distribution impractical.

The bill provides tax relief for bank holding companies choosing to sell their bank or nonbank property by permitting them to make equal annual interest-free installment payments of the tax due generally over a 10-year period. After 1985, however, interest would be payable on any installment payments still due.

The Federal Reserve Board will be required to monitor and certify compliance with the legislation.

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