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September 28, 1999

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

Re: Proposed Rule - Treasury Tax and Loan Program

Dear Ms. Johnson:

Bank of America Corporation ("Bank of America") is pleased to respond to the Department of the Treasury's ("Treasury") request for comment on its proposal to change the interest rate Treasury charges on Treasury Tax and Loan ("TT&L") note balances. Bank of America, with \$614 billion in total assets, is the one of the largest banks in the U.S., with full-service consumer and commercial operations in 21 states and the District of Columbia. Bank of America provides financial products and services to 30 million households and two million businesses, as well as providing international corporate financial services for business transactions in 190 countries.

Treasury proposes to change the basis for computing the rate of interest charged on TT&L note balances from the current formula rate to an explicit overnight repurchase agreement rate and invites comment on the effect this change would have on depository institutions' participation in the TT&L note program.

Bank of America participation in the program would likely change significantly. Our utilization of TT&L deposits as a funding source would likely be greatly diminished, perhaps to near zero, as a result of the increased costs if the proposal were adopted.

We suggest that the proposed methodology, while providing income to Treasury at an overnight market rate instead of the formula rate, does not take into consideration two factors important to program participants: (i) the volatility of TT&L funds, and (ii) the associated difficulties of planning availability of collateral. Managing the funding mix to accommodate wide swings resulting from Treasury's periodic collection of taxes and disbursement of

funds is an exacting process which involves costs not associated with more stable funding alternatives. TT&L deposits, in our view, would be a much less attractive source of funds if not priced favorably to more stable alternatives.

Thank you for the opportunity to comment on this issue. If you have any questions, please contact Alex J. Mason, Jr., Senior Vice President, at (704) 386-6621.

Sincerely,

Patrick M. Frawley
Director, Regulatory Relations