

MEMO# 13948

September 17, 2001

INCREASED EFFORTS TO ADDRESS TREATMENT OF CAPITAL GAINS DISTRIBUTIONS

[13948] September 17, 2001 TO: BOARD OF GOVERNORS No. 48-01 FEDERAL LEGISLATION MEMBERS No. 12-01 PRIMARY CONTACTS - MEMBER COMPLEX No. 65-01 PUBLIC INFORMATION COMMITTEE No. 24-01 RE: INCREASED EFFORTS TO ADDRESS TREATMENT OF CAPITAL GAINS DISTRIBUTIONS Representative Jim Saxton (R-NJ), chairman of the Joint Economic Committee, in a September 10 letter, asked President Bush to consider reviewing the tax treatment of capital gains distributions to mutual fund shareholders as part of the Administration's developing economic stimulus plan, which includes capital gains tax rate reductions. (See attachment.) Representative Saxton has introduced legislation (H.R. 168) that would allow a mutual fund shareholder to defer up to \$3,000 of mutual fund capital gains distributions from current taxation, as long as the amounts were automatically reinvested (\$6,000 for joint filers). The Institute supports legislation to defer capital gains taxes on reinvested capital gains distributions, and has sent a letter of support to Representative Saxton. As of this writing, the bill has 49 cosponsors (compared with 17 when the bill was introduced earlier this year). The Institute has been working with Representative Saxton to seek congressional action on capital gains distribution deferral legislation. We will inform you of further developments. Matthew P. Fink President

Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 13948, or call the ICI Library at (202) 326-8304 and request the attachment for memo 13948. Attachment (in .pdf format)