

COMMENT LETTER

December 3, 2001

Institute Sends Letter to Congress Supporting Shareholder Tax Relief, December 2001

INVESTMENT COMPANY INSTITUTE
BY HAND AND ELECTRONIC DELIVERY

December 3, 2001

The Honorable William M. Thomas Chairman Committee on Ways and Means 2208 Rayburn House Office Building U.S. House of Representatives Washington, DC 20515 Dear Mr. Chairman: On behalf of millions of mutual fund shareholders, we write to seek your support for legislation that would permit shareholders to defer tax on reinvested capital gains distributions. The economic stimulus package that Congress is now considering is intended to strengthen our economy and reinforce public confidence in our nation's future. We support these important goals. As part of the economic stimulus package, we urge you to consider a measure that would (1) defer certain taxes on the savings of tens of millions of middle-income taxpayers, (2) quickly free substantial funds for consumers, and (3) encourage long-term investment in our economy. Mutual fund shareholders are overwhelmingly middle-income Americans saving for retirement or their children's education. Today, millions of them are required to pay an annual, long-term capital gains tax even though they take no action to realize capital gains and receive no cash with which to pay taxes on such gains. Because nearly all reinvest these long-term gains, they are understandably frustrated that a tax still occurs. Deferring the annual long-term capital gains tax when gains are reinvested would be a popular and effective element of the economic stimulus plan. It would put money into the hands of millions of middle-income Americans beginning in the first quarter of 2002. They would either send smaller checks to the IRS or receive larger refunds. Once they choose to sell their fund shares, the tax would be due. Deferral postpones the tax payment; it does not eliminate it. Deferring this tax will benefit millions of middle-income Americans and encourage long-term investment in the economy. At the same time, it can stimulate broad-based economic growth. 2 Whether you determine that it is feasible to consider the tax deferral proposal for mutual fund shareholders as part of the stimulus plan, or that it instead merits consideration in the next session of Congress, we stand ready to assist you. We strongly believe that this proposal is right for middle-income investors and it is right for America. Sincerely, Robert G. Same, President AAL FUNDS Appleton, WI Kenneth C. Anderson, President ABN AMRO FUNDS Chicago Robert H. Graham, President & CEO AIM FAMILY OF FUNDS Houston, TX Fred M. Alger, Chairman & President ALGER FUNDS New York John D. Carifa, Chairman & CEO

ALLIANCE FUNDS New York William F. Quinn, President AMERICAN AADVANTAGE FUNDS Dallas-Fort Worth William M. Lyons, President & CEO AMERICAN CENTURY FAMILY OF FUNDS Kansas City, MO Paul G. Haaga, Jr., Executive Vice President AMERICAN FUNDS Los Angeles Frank Rauscher, President THE AQUINAS FUNDS Dallas John W. Rogers, Jr., Chairman & CEO ARIEL FUNDS Chicago C.K. Lawson, President & Treasurer ARMSTRONG ASSOCIATES FUND Dallas Christopher M. Condron, President & CEO AXA FINANCIAL FUNDS New York Sigmund Levine, Senior Vice President BANCROFT & ELLSWORTH CONVERTIBLE FUNDS Morristown, NJ Barbara J. Krumsiek, President & CEO CALVERT FUNDS Bethesda, MD Edward L. Jaroski, President CAPSTONE GROUP OF FUNDS Houston, TX Allan G. Lorge, President CATHOLIC FUNDS Milwaukee Peter S. Voss, President & CEO CDC NVEST FUNDS Boston Jeff B. Curtis, President COLUMBIA FAMILY OF FUNDS Portland, OR 3 Dr. Gary B. Wood, President CONCORDE FUNDS Dallas Kenneth C. Eich, COO DAVIS FUNDS Tucson, AZ Charles E. Haldeman, Jr., President & CEO DELAWARE INVESTMENTS FUNDS Philadelphia Thomas M. Mistele, General Counsel DODGE & COX FUNDS San Francisco David L. Ray DREYFUS FOUNDERS FUNDS Denver Stephen E. Canter, Chairman & CEO DREYFUS FUNDS New York Scott L. Rehr, President EMERALD FUNDS Lancaster, PA William M. Ennis, President & CEO EVERGREEN FUNDS Charlotte, NC Thomas O. Putnam, Chairman FAM FUNDS Cobleskill, NY John W. McGonigle, Executive Vice President FEDERATED INVESTORS FUNDS Pittsburgh David C. Weinstein, Chief of Administration FIDELITY FUNDS Boston John T. Bruce, Principal FLIPPIN, BRUCE & PORTER FUNDS Lynchburg, VA Martin L. Flanagan, President FRANKLIN GROUP OF FUNDS San Mateo, CA Lynn L. Anderson, Chairman of the Board & CEO FRANK RUSSELL FUNDS Tacoma Spencer Davidson, President & CEO GENERAL AMERICAN INVESTORS New York Michelle Barbieri, Vice President HENDERSON GLOBAL FUNDS Chicago Robert N. Brady, President HERITAGE FAMILY OF FUNDS St. Petersburg, FL Erik L. Jonson, Vice President & CFO ICON FUNDS Englewood, CO Mark H. Williamson, Chairman & CEO INVESCO FUNDS GROUP Denver Mark B. Whiston, President, Retail & Institutional Services JANUS FUNDS Denver Maureen R. Ford, Chairman & CEO JOHN HANCOCK FUNDS Boston George C.W. Gatch, President JP MORGAN FUNDS New York 4 Kathleen S. Tillotson, Vice President & General Counsel KOPP FUNDS Edina, MN Edward A. Taber, III, Senior Executive Vice President LEGG MASON FUNDS Baltimore Robert S. Dow, Managing Partner LORD ABBETT FAMILY OF FUNDS Jersey City John D. DesPrez, III, Executive Vice President MANULIFE FUNDS Boston Terry K. Glenn, Chairman of the Americas & President MERRILL LYNCH FUNDS Princeton, NJ Paul J. Jasinski, President MERRIMAC FUNDS Boston Arnold D. Scott, Senior Executive Vice President MFS FUNDS Boston Mitchell M. Merin, President & COO MORGAN STANLEY FAMILY OF FUNDS New York W. Richard Mason, General Counsel MOSAIC FUNDS Scottsdale, AZ Robert H. Gordon, President NATIONSFUNDS Charlotte, NC Peter E. Sundman, President NEUBERGER BERMAN FUNDS New York Ellen M. Bruno, Vice President NEW CENTURY PORTFOLIO FUNDS Wellesley, MA William L. Van Alen, Jr., President NOAH FUND Edgemont, PA Kenneth L. Munt, Senior Vice President & Secretary NOMURA FUNDS New York Robert J. Tuszynski, President & CEO NORTH TRACK FUNDS West Bend, WI Stephen B. Timbers, President NORTHERN FUNDS Chicago James D. Oberweis, President OBERWEIS ASSET MANAGEMENT North Aurora, IL David J. Kundert, Chairman & CEO ONE GROUP FUNDS Columbus, OH John V. Murphy, Chairman, President & CEO OPPENHEIMERFUNDS New York Jerome L. Dodson, President PARNASSUS INVESTMENTS San Francisco Brent R. Harris, Chairman PIMCO FUNDS Newport Beach, CA John F. Cogan, Jr., Chairman PIONEER FUNDS Boston 5 Alvin A. Clay III, President PITCAIRN FUNDS Jenkintown, PA Matthew M. Zuckerman, President THE PRAIRIE FUND Miami Beach, FL Arthur S. Filean, Senior Vice President PRINCIPAL FUNDS Des Moines Steven J. Paggioli, President PROFESSIONALLY MANAGED PORTFOLIOS New York David R. Odenath, Jr., President PRUDENTIAL FUNDS Newark, NJ Lawrence J. Lasser, President & CEO PUTNAM FAMILY OF FUNDS Boston Daniel J. Genter, Jr., President RNC MUTUAL FUND

GROUP, INC. Los Angeles Albert P. Viragh, President RYDEX FUNDS Rockville, MD Jennifer S. Fromm, Vice President & Secretary SA FUNDS San Jose, CA Roger Harbin, President SAFECO FUNDS Seattle John P. McGonigle, Executive Vice President SCHWAB FUNDS FAMILY San Francisco Mark S. Casady, Managing Director SCUDDER FUNDS Boston Brian T. Zino, President SELIGMAN FUNDS New York Alan D. Greene, Executive Vice President SSgA FUNDS Boston James S. Riepe, Vice Chairman T. ROWE PRICE FAMILY OF FUNDS Baltimore Alvin R. Albe, Jr., President TCW FUNDS Los Angeles Mark A. Coffelt, President TEXAS CAPITAL VALUE FUNDS Austin, TX Martin E. Galt, III, President, Investment Products TIAA-CREF FUNDS New York M. Gervase Rosenberger, COO TWEEDY, BROWNE FUND New York Christopher W. Claus, President & CEO USAA FUNDS San Antonio Michael H. Santo, Managing Director & COO VAN KAMPEN FUNDS Oakbrook Terrace, IL John J. Brennan, Chairman & CEO VANGUARD FUNDS Valley Forge, PA 6 Robert L. Hechler, President & CEO WADDELL & REED FUNDS Shawnee Mission, KS Jean M. Maurice, Treasurer WAYNE HUMMER FUNDS Chicago Michael J. Hogan, President WELLS FARGO FUNDS San Francisco Jill W. Maggiore, Vice President WELLS FAMILY OF FUNDS Norcross, GA Marco Hanig, President WILLIAM BLAIR FUNDS Chicago Linda C.Y. Pei, President WOMEN'S EQUITY MUTUAL FUND San Francisco William G. Papesch, President WM GROUP OF FUNDS Seattle

Source URL:

<https://icinew-stage.ici.org/CommentLetter/InstituteSendsLettertoCongressSupportingShareholderTaxReliefDecember2001>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.