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# **AMERICAN SHAREHOLDERS ASSOCIATION WILL DOUBLE RATE H.R. 4297, THE TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005**

This week, the House of Representatives will vote on H.R. 4297 Tax Relief Extension Reconciliation Act of 2005. American Shareholders Association (ASA) views this legislation as the most important public policy vote for American shareholders and the U.S. economy due to extension of the capital gains and dividend tax rates. As such, ASA will **DOUBLE RATE** this vote in our congressional scorecard.

These provisions have performed above expectations, working to boost the stock market and dividend distributions, while bolstering economic growth. Yet, the capital gains and dividend provisions are set to expire December 31, 2008, which is keeping the maximum investment from taking place.

Investors hold a five-year time horizon and the uncertainty of whether these provisions will be made permanent is forcing investors not to invest. Moreover, companies are still reluctant to initiate and/or increase their dividends to shareholders due to this uncertainty. And companies are reluctant to make the needed capital investments that will pay off in 2009 or 2010. Therefore, it is essential that the House pass H.R. 4297 and conference the legislation with the Senate before the end of this calendar year.

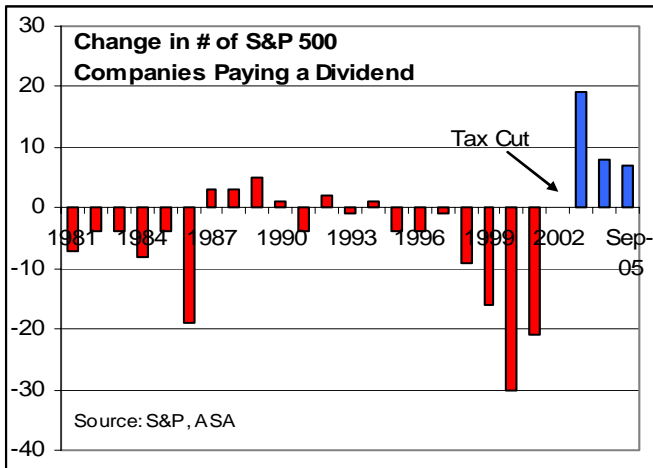
Since the enactment of the 2003 capital gains and dividend tax reductions, more than \$4 trillion of new shareholder wealth and \$10.5 trillion of total net wealth has been created. The 25-year decline in dividend paying companies has been reversed. More companies are increasing their dividends and the dividend increases are becoming larger. As a result, shareholders of S&P 500 companies will have received \$100 billion of new cash from these dividend increases and tax savings over the past three years.

Furthermore, the reduction of capital gains and dividend tax rates reduced the cost of capital and spurred new investment. Gross Domestic Product has increased at an average rate of 4.1 percent since the tax cut was enacted, far above the long run growth rate of 3.3 percent. Investment, partially fueled by the capital gains and dividend tax reductions, is increasing 9 percent per quarter more than double the rate of the economy. Extension of the lower rates will ensure this continued economic growth.

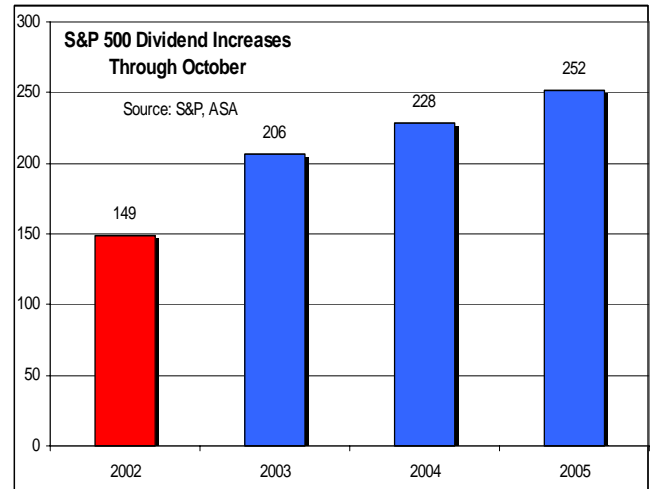
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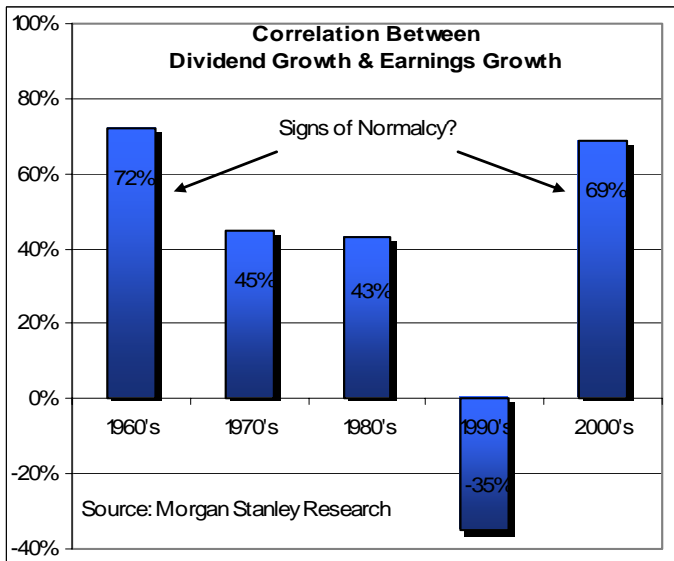
### 25 Year Decline Dividend Paying Reversed



### Dividend Increases Up 69% Since Tax Cut



### Earnings Are More Transparent for Shareholders



### Dividend Income Soars Following Tax Cut

