



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

Senator Grassley added some material in addition to the following prepared remarks.

Prepared Remarks of Sen. Chuck Grassley
Chairman, Committee on Finance
Opening of the NASDAQ
Friday, September 3, 2004

The United States double-taxes investment income. This creates a bias against savings and investment. In 2003, we reduced this bias by cutting the dividend tax rate from 35 percent to 15 percent. This is the lowest tax on dividends since the tax code was enacted.

The rate of tax on dividends affects the value of stocks. The National Bureau of Economic Research is a highly-respected, non-partisan, non-profit organization. Their analysts say the new 15 percent dividend tax rate has increased the value of the stock market by at least 5 percent.

They also found that dividend payments greatly increased after the 2003 dividend tax cut was enacted. That was after more than two decades of declining dividend payouts. When stock values go up, there is more business capital and more personal savings. Pensioners, retirees, and 401K holders all benefit from increases in dividends and stock prices.

But in this election season, some want to take away the dividend tax cut. If the analysts are right, that would drop the stock market by over 5 percent. This election is about choices, especially choices for advancing the economy and creating jobs. The right choice is the continued path of economic growth.