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JOINT ECONOMIC COMMITTEE

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## Ending Double Taxation of Dividends = Economic Growth

Dear Colleague,

If we end the double taxation of dividends, we will unquestionably see sustained economic growth and a decrease in the unemployment rate. In fact, a PriceWaterhouseCoopers study using a widely supported macroeconomic model housed at the University of Maryland found that eliminating the double taxation of dividends would increase jobs by an average of 600,000 per year over the next ten years.

The study also found that exempting dividends from the personal income tax would be more growth-enhancing in the long run than the acceleration of the reduction in marginal income tax rates, the elimination of the marriage penalty, the increase in the child tax credit, and the AMT exemption.

The dividend exemption would increase the nominal GDP by \$339 billion in the first five years and by over \$1 trillion in the first ten years. Additionally, the dividend exemption would increase total personal income by \$333 billion and total personal consumption by \$182 billion in just the first five years.

The Treasury Department predicts that the dividend proposal would increase the dividend payout rate by four percentage-points by the end of 2005. By restoring investor confidence through higher payouts, ending the double taxation of dividends would continually and consistently pump fuel into the economy this year and in the long term.

The numbers are astounding! For immediate and sustained economic growth, Congress must end the double taxation of dividends.

Sincerely,



Paul Ryan  
Member of Congress

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