



May 16, 2005

Honorable David Dreier  
U.S. House of Representatives  
232 Cannon House Office Building  
Washington, DC 20515

Dear Representative Dreier,

On behalf of the National Venture Capital Association, I would like to thank you for your leadership in introducing HR 1500, the Investment Tax Simplification Act of 2005. You have been a champion of reduced capital gains for many years now and we appreciate your continued support of this important tax issue.

The 2003 congressionally mandated reduction in capital gains taxation from 20% to 15% would not have been possible without your leadership.

Since that time, the nation's economy has benefited greatly from individuals retaining more of their gains and has led to increased innovation and entrepreneurship. The venture capital industry and the entrepreneurs that lead portfolio companies are keenly aware of the important role that the capital gains rate plays in obtaining critical funding which is used to create startup companies and market sectors, which in turn create jobs that help drive the economy.

Your legislation, which makes permanent the 15% capital gains rate, will contribute greatly to the certainty that investors need and will allow strong economic growth and entrepreneurship to continue. As the Congress debates various tax extenders and the President's Tax Reform panel considers overall tax reforms, the NVCA believes that simplification and reduced rates for individual and corporate capital gains should be a primary consideration.

Thank you again for your leadership in introducing HR 1500. NVCA applauds you and we are poised to work with you to pass this important piece of legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Heesen", written in a cursive style.

Mark Heesen  
President