

THE SILVER INSTITUTE

A WORLDWIDE ASSOCIATION OF MINERS, REFINERS, FABRICATORS AND MANUFACTURERS

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April 25, 2005

Chairman David Dreier
U.S. House of Representatives
233 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Dreier:

I am writing in support of H.R. 1500, the Investment Tax Simplification Act of 2005, a bill you recently introduced in the House of Representatives that would establish a permanent and simplified 15-percent capital gains tax for individuals and corporations.

Of specific interest to the Silver Institute, and those investors that choose to diversify their investment portfolio with precious metal investments, H.R. 1500 reduces the capital gains tax on all collectibles, which erroneously includes precious metals investment products, to 15 percent from the current rate of 28 percent.

H.R. 1500 would level the playing field for investors by allowing gold, silver and platinum bullion, in either coin or bar form, to be eligible for the lower capital gains tax rate if held over the long term.

Moreover, several gold-backed Exchange Traded Funds (ETFs) have been cleared by the Securities Exchange Commission and are now actively trading on the exchanges. These ETFs are a basket of securities that are designed to generally track an index — in this case the gold price— yet they trade like a single stock. These ETFs will be taxed as collectibles for purposes of the capital gains rate because they are backed by gold bullion. H.R. 1500 would also remedy this concern.

We look forward to working closely with you on the successful passage of H.R. 1500.

Sincerely,



Michael DiRienzo
Executive Director

MD/jr