Keeping Dividends and Capital Gains "Linked and Low"
Will Grow Our Local Economy and Create American Jobs

Washington, DC – Congressman John Adler, one of only 29 Democrats nationwide - and the only Democrat in New Jersey - to receive the National Federation of Independent Businesses' "Guardian of Small Business Award," yesterday spearheaded a letter to House leadership to keep dividends and capital gains tax rates "linked and low." The letter was signed by 47 lawmakers urging leadership to consider a tax policy which will help create private sector jobs and grow our economy. During a recession, it is critical that businesses form the necessary capital to grow and create jobs. It is also essential that middle-class families and seniors are able to save and invest more, and help grow our domestic companies. The letter urges leadership to consider our fragile economy when determining our nation's tax policy.

The final version of Congressman Adler's letter to Houser Speaker Pelosi can be found here . Full-text of the letter is below:

Dear Speaker Pelosi:

A number of tax cuts enacted in the past decade are due to expire at the end of this year. Our fiscal policy should be one that maximizes economic growth and private sector job creation. That is why we strongly believe that Congress should extend the current tax rates for dividend and long-term capital gains taxes.

By keeping dividends and capital gains tax rates linked and low for everyone, we can help the private sector create jobs and allow seniors and middle class households to save and invest more. A dividends tax increase would impede our nation's economic recovery by decreasing the amount of capital that companies would have access to, thereby slowing the private sector's ability to grow and create jobs.

We also have a responsibility to protect middle class families and seniors from harmful tax increases and their economic impact. Raising the tax rate on dividends would likely cause some companies to forego paying dividends and others to pay a lower amount to shareholders. These outcomes would disproportionately affect seniors and those saving for retirement as they represent a large portion of investors who own dividends paying stocks. Many seniors depend on this income to supplement their fixed retirement income. A recent study found that in 2007 over 27 million tax returns had dividends qualifying for the tax rate reduction. Of those returns, 61 percent were from taxpayers age 50 and older and 30 percent were from taxpayers age 65 and older.

Our economy is fragile. We need tax policies that will promote our recovery. Raising taxes on capital gains and dividends could discourage individuals and businesses from saving and investing. We urge you to maintain the current tax rate for both dividend and long-term capital gains taxes.