



Grover G. Norquist

President

April 22, 2005

The Honorable David Dreier
233 Cannon House Office Building
Washington, DC 20515

Dear Chairman Dreier:

On behalf of Americans for Tax Reform (ATR), I am writing to express this organization's strong support for your legislation, H.R. 1500, The Investment Tax Simplification Act.

As you know, the 108th Congress took an important step forward by reducing the capital gains tax for individuals to 15 percent. As like other capital gains tax reductions, this initiative was more than just a lower tax burden for investors every April 15th, but also led to higher economic growth, business investment, and personal income.

By reducing the cost of capital and increasing the after tax return on equities from the 2003 capital gains tax cut, economic growth accelerated to its fastest rate in twenty years, business investment has increased by an average of 11 percent quarter, and total shareholder wealth has risen by \$3 trillion. However, this critical provision is set to expire December 31, 2008 and Congress must ensure the lower capital gains tax rate does not increase to a 20 percent, which will stifle the solid economic gains made in the past two years.

H.R. 1500 ensures the 15 percent capital gains tax rate does not expire by making the provision permanent. Moreover, the legislation eliminates the capital gains tax for individuals in the 10 and 15 percent income tax brackets. Finally, the legislation puts forward sorely needed capital gains tax simplification measures for individuals and businesses. These three measures combined will boost capital flows to families and businesses and build upon the success of the 2003 capital gains tax reduction.

Given the importance of this legislation for taxpayers and the U.S. economy, Americans for Tax Reform pledges it full support for this legislation. We will work diligently to make passage of this legislation reality.

I once again thank you for putting forward such important legislation for American taxpayers and your continuing efforts to grow the U.S. economy.

Sincerely,

Grover G. Norquist