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JOINT ECONOMIC COMMITTEE

CONGRESSMAN JIM SAXTON

PRESS RELEASE

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MUTUAL FUND INVESTOR TAX BILL INTRODUCED – Legislation Would Curb Immediate Middle Class Tax Hit –

WASHINGTON, D.C. – Tax legislation to shield most middle class investors from immediate taxation of involuntary mutual fund capital gains distributions was introduced on the opening day of the new Congress, Congressman Jim Saxton announced today. Saxton's bill would provide income exclusions for capital gains distributions amounting to \$3,000 for individuals and \$6,000 for married couples. The bill would address the serious tax problems caused by large capital gains distributions made last year despite the loss of value in most mutual fund investors' portfolios.

"I'm pleased to announce the introduction of this legislation to curb the unfair and punitive tax treatment of mutual fund investors," Saxton said. "Mutual funds are one of the most popular vehicles for middle class saving and investment, but the current tax treatment of mutual fund investors undermines these activities. The current tax treatment of mutual fund investors is one of the most counterproductive and short-sighted features of the current tax code."

A previous version of Saxton's bill, H.R. 4723, was cosponsored by Congressman Robert Andrews (D-NJ) and a number of other members, including several members of the House Leadership. The effective date of the bill would begin with tax year 2000. The bill also provides for adjustments in the exclusion amounts for inflation in following years.

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