



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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## **NEW STUDY EXAMINES GROWTH OF MUTUAL FUND INDUSTRY**

**WASHINGTON, D.C.** – The advantages of mutual fund investments to individual investors have resulted in the tremendous growth of the mutual fund industry over the last 30 years, according to a new study released today by Joint Economic Committee (JEC) Chairman Jim Saxton.

The new study, *The Mutual Fund Industry: An Overview and Analysis*, finds that diversification, professional management, economies of scale, and liquidity are among the factors explaining the growth of the industry. The study also notes that the tax treatment of mutual fund investors through the current taxation of capital gains distributions should be changed.

“This study documents the many advantages mutual funds can offer individual investors,” Saxton said. “As a result, they have become a favorite investment vehicle for the middle class, and this appeal has fueled the phenomenal growth of the mutual fund industry over the last few decades.

“Unfortunately, there is one significant disadvantage of mutual fund investments that results from a flaw in the tax code. Mutual fund investors are subject to tax on capital gains distributions even if their mutual fund shares fall in value. I have proposed legislation to correct this tax discrimination against mutual fund investors. I am hopeful that the tens of millions of middle-class investors subjected to this unfair tax will benefit from this legislation before too long,” Saxton concluded.

For more information about the taxation of capital gains distributions and mutual funds, please see our website at [www.house.gov/jec](http://www.house.gov/jec).

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