

United States Senator

BOB BENNETT

Joint Economic Committee

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JEC Report Shows Dividend Tax Relief Helps Everybody

Washington, D.C. – Senator Bob Bennett (R-Utah), chairman of the Joint Economic Committee (JEC), released a report today showing dividend tax relief helps everybody, not just taxpayers who currently receive taxable dividends.

“Ending the double taxation of dividends will help anybody who benefits from faster economic growth and higher stock prices. Simply looking at those who receive taxable dividends doesn’t reveal the whole picture,” Bennett said.

The report argues “static” analyses are flawed because they only account for how tax payments are currently distributed across income levels. “The taxpayer actually writing the check to the I.R.S. doesn’t always bear the economic burden of the tax,” Bennett explained.

For example, Congress currently exempts from income taxes the interest of many bonds issued by state and local governments. Since mostly high-income people buy the bonds, a static analysis would show the tax relief going to them. However, the JEC report shows the real winners are state and local governments that can finance their building projects cheaper because the bond market responds to the tax relief with lower interest rates for their bonds.

Ending the double taxation of dividends will work much the same way. Among other things, it will reduce the cost of capital, making it cheaper and easier for companies to raise money for new investments and new employees.

"Few people complain about tax-exempt bonds as only helping the rich," Bennett remarked. "Ending the double taxation of dividends takes advantage of the same economic phenomenon to benefit investors and the entire economy."

JEC is a unique joint Senate-House committee created by the Employment Act of 1946 to study and advise Congress on economic policy.

To view the executive summary and the full report, visit jec.senate.gov.

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