

Everett McKinley Dirksen
Illinois

Edna

United States Senate
Minority Leader

CAPITAL GAINS AND DIVIDENDS

March 31, 1964

Dear :

The volume of mail received on the tax bill was so heavy that only now am I able to reply to the many citizens who wrote me on this important legislation. In all my experience in the Senate I have never encountered such a volume of mail on any one issue in as short a period. Much of the correspondence was helpful but I must admit it has been quite a chore to respond and I do apologize for the delay.

The capital gains section of the bill was one of the most troublesome with which the Senate had to contend in its deliberations on this bill. The Senate Finance Committee had eliminated the House provision entirely at the request of the Administration, because the House had failed to change the statute with respect to taxation of estates. However in conference, the five year limitation on capital loss carried forward was changed and it is now possible to carry a loss forward for an indefinite period of time, offsetting it against ordinary income at the rate of \$1,000 per year. I was hopeful that something better could be achieved but under the circumstances it was not possible.

Also, in my opinion the bill should have retained the dividend credit treatment for dividend income. However, we were defeated in our efforts to save that feature.

When you consider the many interests represented in the tax bill, as well as the varied attitudes of members of the House and Senate, you can understand the difficulty in trying to reach a reasonable and fair bill. I believe however that the tax bill finally agreed to was the best we could contrive under the circumstances. Furthermore, I feel that with a careful reduction in expenditures to accompany this reduction in revenue, we can expect some substantial benefits from the measure.

Sincerely,

Everett McKinley Dirksen