

DEFENSE OF A TAX CUT

OCTOBER 2006

“Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence..”

John Adams, *'Argument in Defense of the Soldiers in the Boston Massacre Trials,'*
December 1770

We are heading into the mid-term election, which means it is time once again for misleading advertisements and half-truths from both Democrats and Republicans. I decided in this edition of the Personal CFO to share with you with the aid of the American Shareholders Association some concrete numbers regarding the Bush tax cuts of 2003.

\$14,374,330,000,000

Total Increase in Household Wealth Since April 2003

\$5,700,000,000,000

Total Increase in Shareholder Wealth Since May 20, 2003

\$863,654,000,000

Total Amount of Tax Cuts Enacted Since Fiscal Year 2003

\$783,890,000,000

Total Amount of Additional Tax Cuts to be Returned to Taxpayers Through 2010

\$625,000,000,000

Total Increase in Federal Tax Revenues Since FY 2003

\$207,788,000,000

Reduction in the Deficit in the Past 29 Months Due to Stronger Economic Growth

\$98,600,000,000

Combined Income Gains for Shareholders From Dividend Increases & Tax Savings 03-05

\$62,000,000,000

Surplus of Capital Gains Tax Revenue Not Accounted For By Revenue Estimators

\$60,000,000,000

Deficit REDUCTION Since the Tax Cut Was Signed Into Law

300,001,643

Total Number of Americans benefiting from President Bush's Tax Cut

91,000,000

Number of Individuals Owning Shares of Stock in America

23,000,000

Number of Small Businesses Benefiting from Income Tax Reductions

6,600,000

Number of Jobs Created Since the Tax Cut Was Signed Into Law

\$2,092

Tax Increase for a Family of Four With \$50k of Income if Tax Cuts Are Repealed

200

Number of House Members Who Voted Against This Growth Generating Tax Cut

50

Number of US Senators Who Voted Against This Growth Generating Tax Cut

25

Number of Years Dividend Paying Companies Declined Prior to the 2003 Tax Cut

164.0%

% Increase in the Dividend Tax Rate if the Income and Dividend Tax Cuts Expire

123.0%

% Increase in Dividend Income and Share Repurchases Since 2003 Tax Cut

91.0%

% Increase of Stock Ownership in the Bottom Quintile of Income Distribution Since 1995

74.0%

% Increase in S&P 500 Companies Boosting Their Dividend Since 2002

65.0%

% of Voters Who Were Investors in the 2004 Elections

51.2%

% of Total Tax Cut "Cost" That Has Been Recouped From Higher Levels of Growth

14.0%

% Margin of Victory for Republicans From Investor Voters in 2002 Elections

4.6%

Unemployment Rate Which Continues To Disprove the Constant Economic Pessimism

3.7%

% Average Quarterly GDP Growth Since Tax Cut Was Enacted (long run average is 3.3%)

Just a friendly little reminder to think about when pulling that lever on November 7.