

***Resolution Urging Retention of the Lower Dividend Income Tax Rates***

**WHEREAS**, In 2003, Congress passed the *Jobs and Growth Tax Reconciliation Act*, which temporarily reduced the income tax rate on qualified dividends from almost 40 percent to a maximum of 15 percent. Currently, taxpayers in the 10- and 15-percent tax brackets pay no taxes on their dividend incomes; *and*

**WHEREAS**, The current maximum dividend income tax rate of 15 percent expires after year-end 2010 and reverts to the ordinary income tax rate of the stockholder if Congress does not pass an extension; *and*

**WHEREAS**, Lower dividend tax rates are good for investors, consumers, American businesses, and the recovering U.S. economy. Twenty-seven million Americans from all income levels and age groups directly own stocks that pay dividends, and tens of millions of Americans own dividend-paying stocks indirectly through pension funds, 401(k) plans, and mutual funds. Because the utility industry typically pays out a higher percentage of earnings through dividends than any other business sector, American investors are dependent on dividends from the utility industry; *and*

**WHEREAS**, Raising dividend tax rates would make it more difficult for dividend-paying companies – such as electric, gas, and water utilities – to attract investors. This is uniquely significant because the utility industry, which is extremely capital-intensive, relies on investors to raise the funds necessary to finance critical infrastructure projects; *and*

**WHEREAS**, The infrastructure projects created by electric, gas, and water utilities are an important source of high-quality jobs and will help keep America competitive; *and*

**WHEREAS**, The higher cost of capital driven by higher income taxes on dividends, combined with utilities' need for extremely large amounts of capital, will translate into higher utility customer rates; *now, therefore be it*

**RESOLVED**, That the National Association of Regulatory Utility Commissioners, convened at its 2010 Annual Meeting in Atlanta, Georgia, supports the retention of the lower dividend income tax rates.

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*Sponsored by the Committees on Water and Gas*

*Recommended by the NARUC Board of Directors November 16, 2010*

*Adopted by the NARUC Committee of the Whole November 17, 2010*