

President Donald J. Trump
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Treasury Secretary Steven Mnuchin
U.S. Department of the Treasury
1500 Pennsylvania Avenue
Washington, DC 20220

January 29, 2018

Dear President Trump and Secretary Mnuchin,

On behalf of the following organizations representing millions of American taxpayers, we congratulate your strong leadership in helping pass the *Tax Cuts and Jobs Act of 2017*. It's extremely pro-growth, delivers real tax cuts to working families, and signals to the private sector that Washington is not interested in smothering the economy through bigger government.

To follow up on that success, we write to strongly recommend that you use your executive power as president to end the tax injustice that is currently included in the computation of capital gains. Specifically, we request an Executive Order that would index capital gains to inflation so that taxpayers do not pay taxes on "phantom" gains.

For much the same reason that regular income tax brackets were indexed to inflation over 30 years ago, we believe that it is only a matter of fairness to do the same for capital gains.

For example, if someone saving for retirement purchased an S&P index fund for \$1,000 in 2008 and dutifully held it for ten years, they could now sell it for \$1934. That's a gain of \$934. Unfortunately, the full amount would be subject to taxation. But \$168 of that \$934 isn't a real gain at all. It's phantom income that was eaten away because of inflation. And yet, taxpayers are currently forced to pay taxes on this nonexistent income.

Signing this Executive Order would have an immediate, pro-growth effect on the American economy. The real after-tax rate of return on all equities would immediately be priced higher – thereby increasing the wealth held by the millions of working and retired Americans who own 401ks, IRAs, mutual funds, and brokerage accounts. It would further encourage people to expand their savings, and incentivize people to start doing so. By preventing the money from unjustly going to the government, it could be re-invested in the economy, allowing businesses to expand, innovate, and create more jobs.

We endorsed this Executive Order in 2017, but we suspended our efforts so that it did not confuse the tax reform debate. Now that tax cuts has been successfully passed into law, we believe now is the right time to continue your successful leadership in bringing about real economic growth through additional tax cuts. This executive order would do just that.

Sincerely,

David McIntosh
President
Club for Growth

Grover Norquist
President
Americans for Tax Reform

Dan Holler
Vice President
Heritage Action

Jason Pye
Vice President of Legislative Affairs
FreedomWorks

Phil Kerpen
President
American Commitment

Heather R. Higgins
President and CEO
Independent Women's Voice

Carrie Lukas
President
Independent Women's Forum

Olivia Grady
Senior Fellow
Center for Worker Freedom

James Martin
Founder/Chairman
60 Plus Association

Palmer Schoening
Chairman
Family Business Coalition

Karen Kerrigan
President & CEO
Small Business & Entrepreneurship Council

Sal J. Nuzzo
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The James Madison Institute

Brian Garst
Vice President
Center for Freedom and Prosperity

Jeffrey Mazzella
President
Center for Individual Freedom

Rick Manning
President
Americans for Limited Government

Pete Sepp
President
National Taxpayers Union

Larry Kudlow
Committee to Unleash Prosperity

David Williams
President
Taxpayers Protection Alliance

Chrissy Harbin
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Americans for Prosperity

Nathan Nascimento
Executive Vice President
Freedom Partners Chamber of Commerce

Daniel Garza
President
The LIBRE Initiative

David Barnes
Policy Director
Generation Opportunity

Daniel Schneider
Executive Director
The American Conservative Union

Amy Kremer
Co-Founder & Co-Chair
Women for Trump

Norm Singleton
President
Campaign for Liberty