

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

September 26, 2017

Dear President Trump and Secretary Mnuchin,

On behalf of the following organizations representing millions of American taxpayers, we write to strongly recommend that you 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 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 \$1000 in 1997 and dutifully held it for 20 years, they could now sell it for \$2665. That’s a gain of \$1665. Unfortunately, the full amount would be subject to taxation. But \$538 of that \$1665 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 strongly believe that this Executive Order is a pro-growth “down payment” that will help ignite the broader conversation about tax reform. And our groups look forward to the opportunity to continue working with the Administration to enact comprehensive tax reform this fall.

Sincerely,

David McIntosh, President
Club for Growth

Adam Brandon, President
FreedomWorks

Michael Needham, Chief Executive Officer
Heritage Action

Phil Kerpen, President
American Commitment

Jenny Beth Martin, Co-Founder
Tea Party Patriots

Judson Phillips, President
Tea Party Nation

Larry Kudlow
Committee to Unleash Prosperity

Pete Sepp, President
National Taxpayers Union

Lewis K. Ulher, President
National Tax Limitation Committee

Rick Manning, President
Americans for Limited Government

Karen Kerrigan, President & CEO
Small Business and Entrepreneurship Council

Becky Norton Dunlop
Former Advisor to President Reagan

Dan Weber, President
Association of Mature American Citizens

Jeffrey Mazzella, President
Center for Individual Freedom

Chrissy Harbin, Vice President of External Affairs
Americans for Prosperity

Nathan Nascimento, Vice President of Policy
Freedom Partners Chamber of Commerce

Brian Wesbury, Chief Economist
First Trust Advisors, LP

James L. Martin, President
60 Plus Association

Heather Higgins, President
Independent Women's Voice

Grover Norquist, President
Americans for Tax Reform

Andrew F. Quinlan, President
Center for Freedom and Prosperity

Ryan Ellis, Senior Tax Advisor
Family Business Coalition

Bob Carlstrom, President
The Carlstrom Group, LLC

Tim Huelskamp, Ph.D., President
The Heartland Institute

Jorge Lima, Executive Director
The Libre Initiative

David Barnes, Policy Director
Generation Opportunity



 First Trust

