



AMERICANS for TAX REFORM

To: Senator Mitt Romney
From: Grover Norquist
Cc: Republican Members of Congress

September 13, 2019

Dear Senator Romney,

A few weeks ago you said you were “[looking at](#)” joining the hard left in the Democrat party in imposing a national energy tax on all Americans – a carbon tax – along with [Elizabeth Warren, Kamala Harris, Joe Biden, and Pete Buttigieg](#).

Today in a letter you not only undermined [Senator Ted Cruz and 20 other Senate Republicans](#), you misstated President Trump’s position on ending the taxation of inflation in capital gains.

President Trump has repeatedly, correctly stated that he knows he has the [legal authority](#) to end the taxation of inflation in capital gains by allowing taxpayers to calculate cost as “cost plus inflation.”

The President is aware that the Supreme Court of the United States ruled that agencies have that power in [Verizon v. FCC](#) in 2002. Even before that finding, Supreme Court lawyer Chuck Cooper made it clear that the President and Treasury Secretary have this authority. That was only made more obvious with the 2002 *Verizon* decision which Cooper detailed in his updated 2012 legal [memo](#).

You also used regrettable left-wing rhetoric. According to the [IRS](#) 24,139,920 American households had a capital gains filing in the most recent year of available data. Eighty-two percent of these households made less than \$200,000 that year and 56 percent made less than \$100,000.

In your home state of Utah, 181,300 households had a capital gains filing. Eighty-four percent of these Utah households made less than \$200,000 per year and 57 percent made less than \$100,000 per year.

As [noted](#) by the Tax Foundation, “the lower rate on capital gains does not mitigate the inflation issue, as taxpayers still face tax liability whether they made a real gain or real loss.”

As also [noted](#) by the Tax Foundation: “Indexing provides important protection for all citizens, even those who have no capital gains, by reducing government’s ability and incentive to raise effective tax rates by inflating the currency.”

White House economists and Congressional Republicans together with free market groups and the business community in all 50 states will continue to push this initiative forward and get it enacted before the 2020 election.

You are putting yourself on the wrong side of the two biggest divisions between the two parties today: Democrats want to tax energy with a carbon tax while Republicans are unified in opposition. Democrats like Joe Biden want to increase the capital gains tax burden, and Republicans want to reduce the capital gains tax burden. The only way to reduce the capital gains tax burden between now and 2020 is through executive action.

It is wrong for the government to tax inflation. Ending the inflation tax will help create jobs and raise wages. ATR will continue to highlight the tens of millions of Americans who will benefit directly from ending the inflation tax, [many of whom](#) live in Florida, Pennsylvania, Michigan, Ohio, Wisconsin, and Minnesota. Good policy is good politics.

Ending the inflation tax on capital gains has [broad and deep support](#). The growing list of supporters will not be discouraged by your letter.

Sincerely

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