



AMERICANS *for* TAX REFORM

July 17, 2019

The Honorable Charles Schumer
S-221, U.S. Capitol
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Senator Schumer:

I saw the July 12 [letter](#) signed by 15 Democrat senators attacking your [long-held support](#) for ending the inflation tax on capital gains.

Your [strong statement](#) on Feb. 27, 1992 on the floor of the U.S. House was a powerful endorsement of the need to index capital gains to create jobs.

The fifteen Democrat senators need to listen to you when you [stated](#):

“If we really want to increase growth, there are proposals that we can do. I would be for indexing all capital gains and savings and borrowing.”

How right you were. And are.

The White House shares your view that we must index capital gains to end the taxation of inflation. They are moving to enact this through their executive power as recognized and recently affirmed by the Supreme Court.

The Treasury Secretary has the authority to right this wrong simply by defining “cost” as the real cost, which is “cost plus inflation” rather than “historic cost.” The ability was confirmed by the 2002 Supreme Court decision *Verizon Communications Inc. v. FCC*.

The court made it clear that “cost” is a not an unambiguous term. There is historic cost, cost plus inflation, replacement cost, and others. And the present Supreme Court just clarified that agencies maintain that authority. The authority of Treasury to choose an appropriate definition of “cost” was made crystal clear in *Kisor v. Wilkie* on June 26, 2019.

You are correct that ending the taxation of inflation is both just and pro-growth.

The court is correct that the authority to right this wrong is in the hands of the Treasury Department.

I write to encourage you to urge President Trump to act as soon as possible to make this change and supercharge the U.S. economy.

That will fix the problem of taxing inflation quicker than you trying to talk sense to the 15 senators who disagree with you.

Sincerely,

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