



AMERICANS for TAX REFORM

September 10, 2018

Dear Member of Congress,

Democrats in the House and Senate have fought hard against ending the capital gains tax on inflation. They have described it as a gift to the 1% and as adding to the nation's debt.

However, 220 Democrats in the House of Representatives actually voted to index capital gains to inflation in 1992. The indexation was part of an amendment to the Tax Fairness and Economic Growth Act of 1992 made by House Ways and Means Chairman Dan Rostenkowski (D-Ill). Below are some [remarks](#) by current Democrats in support of indexation in 1992:

Congressman Chuck Schumer (New York; now Senator): "If we really want to increase growth, there are proposals that we can do. I would be for indexing all capital gains, savings, and borrowings, and that indeed we shift the balance in this country from too much consumption, too much borrowing and toward more savings and investment over the long run." (Congressional Record 27 Feb. 1992: 3676)

Congressman Steny Hoyer (Maryland; now House Minority Whip): "The capital gains provisions in H.R. 4287 benefit small business by indexing newly purchased assets. Income gauged would be much more reliable so that, real not inflationary gains will be taxed, and taxed at the same 28 percent maximum rate on gains." (Congressional Record 27 Feb. 1992: 3756)

Congressman David Price (North Carolina): "The bill's economic growth incentives include permanent extension of tax credits for research and development, low-income housing construction, liberalized depreciation and investment tax allowances, altered passive loss rules for active real estate participants, capital gains indexation, and a 50-percent exclusion for gains on venture capital investments in small businesses held at least 5 years... Some have criticized these capital gains provisions, seeming to forget that this package aims to promote both equity and economic development." (Congressional Record 27 Feb. 1992: 3755)

Americans for Tax Reform agrees with these 1992 comments by Democrats. **Ending the capital gains tax on inflation would grow the economy and help all Americans.**

If capital gains had been indexed to inflation in 2017, 400,000 additional jobs would have been created by 2025 according to Treasury Economist Gary Robbins. Robbins also [told](#) National Economic Council Director Larry Kudlow that indexation would lead to a GDP increase of about \$500 billion, growth in stock by \$1.1 trillion, and an increase in household income by \$3,600. In addition, retirement accounts of workers would have grown.

Americans for Tax Reform, therefore, urges Congress to support the effort to index capital gains to inflation.

Onward,

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President

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