



## STRATEGY MEMO

TO: Interested Parties

FROM: David McIntosh, President, Club for Growth

RE: The Next Middle-Class Tax Cut

Date: Monday, September 9, 2019

### Summary

President Trump's policies of cutting taxes and reducing regulations on the American people have resulted in the strongest economy in a generation. Club for Growth continues to look at additional pro-growth policies that will make the economy even stronger and create more prosperity. President Trump and his administration have shown a growing interest in indexing capital gains taxes to inflation. Over the past two years, the Club for Growth and more than 75 organizations and leaders that represent millions of people have spoken out in support of indexing capital gains to inflation. At least 21 U.S. Senators have already urged the Trump Administration to take unilateral action by eliminating inflationary gains in calculating capital gains tax liability.

We need to join forces and create a new call to action through the membership of our organizations encouraging President Trump to finally make the decision to correct the unfair treatment of capital gains taxation.



Club for Growth  
@club4growth

Agreed, [@SenTedCruz](#) & [@taxreformer](#). We're not tired of all this winning. [@realdonaldtrump](#) should boost our already winning economy by indexing capital gains to inflation.

Great read via [@rc\\_markets](#):



To Keep the Economy Growing, Index Capital Gains to Inflat...  
The Bureau of Labor Statistics earlier this month released its July jobs numbers confirming that we remain in the midst of...  
[realclearmarkets.com](#)

11:09 AM · Aug 29, 2019 · [TweetDeck](#)

*The above was retweeted by President Trump on 8/31/19*



## **Why It Matters**

Capital gains taxation currently does not account for an inflation adjustment. This unfair tax treatment means the longer an investor holds the capital investment, the lower the real gain of the asset will be.

If the calculation of capital gains taxes includes an inflation adjustment, there will be a robust benefit to millions of Americans that own land, a home, a 401(k), stocks, bonds, and those enrolled in the Federal Employees Retirement System (FERS). The benefit of this policy change will extend to most Americans, not just millionaires and billionaires as the Socialist Left would lead you to believe.

## **How It Can Happen**

- Legislative Action – Of course Congress could pass new law to right this wrong in the tax code. Unfortunately, too many Democrats are unwilling to work with President Trump and instead are cheering for a recession.
- Administrative Rulemaking – President Trump’s administration has the legal authority to make this commonsense change. There is legal precedent for the term “cost” to include inflation.

## **Next Steps**

- Inform & mobilize our organizations’ membership, reaching millions of Americans and educating them on how they will personally benefit from this policy change through social networks, emails, and other communications.
- Media Outreach – Target President Trump and the investment community by booking interviews with outlets they get their news from including Fox Business, Bloomberg, CNBC, and others.
- This is an issue for 2020 because voters want to see strong economic growth and more money in their pockets. If President Trump takes executive action to make the change in the near-term, the benefits to U.S. economy will be evident and he will receive the credit.