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Dear FreedomWorks member,

As one of our million-plus FreedomWorks members nationwide, I urge you to contact your representative and ask him or her to cosponsor H.R. 2945, the Capital Gains Inflation Relief Act of 2011. Introduced by Rep. Joe Walsh (R-IL), the bill would index the capital gains tax to inflation. By eliminating a tax on inflation, millions of Americans would have more money in their pocket. The Capital Gains Inflation Relief Act would stimulate economic growth and job creation.

The capital gains tax is a form of double taxation. Individuals should not be taxed on their capital gains since they have already been subjected to the income tax. Taxing these same dollars again when capital gains are realized discourages investment and punishes Americans who save money for the future. While we also support eliminating the capital gains tax, indexing it to inflation is a step in the right direction.

The Capital Gains Inflation Relief Act would provide a significant boost to the economy. One of the most counterproductive aspects of the tax on capital gains is that it taxes inflation. Let's assume an individual purchased stock in a company in 1990 for \$100 a share and sold it in 2011 at \$173 a share. The individual had no wealth accretion since the increase in price was solely a result of inflation. You can buy the same amount of goods and services with \$173 now than you could have with \$100 in 1990. Under current law, however, the IRS will claim the individual had a \$73 per share capital gain on the stock and tax those dollars, leaving the investor with a loss in real dollar terms.

We must eliminate the tax on inflation by putting the original price of the asset in today's dollars. This would spur job growth, lower taxes on millions of Americans and reduce the harmful effects of inflation. I urge you to contact your representatives and urge them to cosponsor H.R. 2945, the Capital Gains Inflation Relief Act of 2011.

Sincerely,

Matt Kibbe  
President and CEO  
FreedomWorks