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October 1, 2019

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

RE: Indexing Capital Gains Basis for Inflation

Dear Mr. President:

The Florida Chamber of Commerce strongly supports a pro-growth tax agenda and Florida's businesses, families and economy have benefited from the monumental reforms in the *Tax Cuts and Jobs Act of 2017*. As you continue to build on these successes, I urge you to act within your executive authority to index capital gains for inflation.

Indexing capital gains for inflation ensures that taxes are only paid on the value of the real gain. Capital assets, such as stock or real estate, are generally held for long periods of time and over time the value of that asset grows. Inflation during this period makes up a portion of that gain, creating a phantom gain where the value increases but the spending power related to that asset does not.

Indexing to inflation is not a new tax policy and other portions of the federal income tax are already indexed for inflation. Indexing capital gains for inflation would encourage economic growth and could lead to additional capital investment in real estate and the financial markets. It would also result in additional spending power in the form of lower, or more accurate, taxes on the gain.

In Florida alone, nearly 1.5 million households had a capital gains filing on their income tax return and over 60 percent of these households made less than \$100,000 annually. The impact of a capital gains tax is significant to middle-class Floridians and Americans, as well as the job creators that continue to make our state and national economies grow. You have the opportunity to lower that burden.

Under your leadership, the most significant tax reform in over three decades has already occurred and the United States economy has soared to new heights. Indexing of capital gains is not only smart public policy, but a chance to inject additional growth into the economy and further your legacy as President. It is within your authority to index capital gains, and we encourage you to direct the Department of Treasury to move forward on adopting these new changes to the tax code.

Sincerely,

A handwritten signature in blue ink that reads "David A. Hart".

David A. Hart
Executive Vice President

CC: Bob Grammig, Chairman, Florida Chamber of Commerce
Mark Wilson, President & CEO, Florida Chamber of Commerce