



February 19th, 2026

The Honorable Donald J. Trump
President of the United States
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500



RE: Coalition in support of ending the inflation tax on savings by indexing capital gains tax liability to inflation



Dear Mr. President:

We urge you to utilize your executive authority to remove the inflation tax on savings and investment by indexing the Department of Treasury's calculation of capital gains tax liability to inflation.



When a family or a business saves money and buys a stock, real estate, or any other asset, the investment grows in value over time. Some of that growth is due to the asset appreciating in real terms, and some of that growth is merely because of inflation making everything more expensive.



Our tax system does not distinguish between these two increases in savings – the economic growth increase, and the merely inflationary increase. The whole “gain” is taxable.



Indexing capital gains to inflation would provide a policy remedy for American households who endured historic levels of inflation during the Biden Presidency. Americans who witnessed the erosion of their real take-home pay, home value and lifesavings should not be saddled with a higher tax liability because Democrats spent too much money under Joe Biden.



During your first term in 2019, Twenty-one Senate Republicans led by Sen. Ted Cruz (R-Texas) urged your Treasury Department to use existing executive authority to eliminate inflationary gains from the calculation of capital gains tax liability. These Senators argued that “utilizing executive authority to define cost basis in a way that would remove the unfair inflation tax on savings and investment would be one such positive, pro-growth change the Administration could undertake.”



According to the non-partisan Tax Foundation, fully one-third of all unrealized capital gains are due only to inflation.



According to legal scholarship going back decades, the Treasury Department can define cost basis in an investment in such a way that the inflation tax on savings can be eliminated. Rather than having to pay tax on both real and inflationary gains, a family or business selling an asset would only pay tax on the real gain, or the gain derived from economic growth.





This policy is a simple matter of fairness. American families and job creators should not have to pay taxes on phantom income. Our tax brackets are indexed to inflation for a reason—we don't think a worker who gets a raise that barely keeps pace with inflation should face a tax increase. The same principle should apply to savings.

Taking bold executive action now--without having to go to Congress--will restore confidence in financial markets and help bolster every 401(k), IRA, and 529 plan in America.

Just as tax reform resulted in the repatriation of hundreds of billions of dollars overseas to be reinvested here in America, ending the inflation tax on savings will result in hundreds of billions of dollars in unlocked investments, with the resulting capital reallocated more efficiently. The result will be more jobs created, higher take-home pay for families and faster economic growth.

We urge you to swiftly use this authority and stand ready to work with and your administration to achieve this tax cut for the American people.

Onward,

Grover Norquist
President, Americans for Tax Reform

David McIntosh
President, Club for Growth

Steve Moore
Co-Founder, Unleash Prosperity Now

Pete Sepp
President, National Taxpayers Union

Patrice Onwuka
Director of the Center for Economic Opportunity, Independent Women

Alfredo Ortiz
CEO, Job Creators Network

John Berlau
Senior Fellow and Director of Finance Policy, Competitive Enterprise Institute

Palmer Schoening
Chairman, Family Business Coalition

Tim Chapman
President, Advancing American Freedom

Saulius "Saul" Anuzis
President, American Association of Senior Citizens



Phil Kerpen
President, American Commitment



Ryan Ellis
President, Center for a Free Economy



Jeffrey Mazzella
President, Center for Individual Freedom



Yaël Ossowski
Deputy Director, Consumer Choice Center

James Erwin
Executive Director, Digital Liberty

George Landrith
President, Frontiers of Freedom

Brian Norman
Director of State Affairs, Goldwater Institute



Brian Balfour
Vice President, John Locke Foundation

Seton Motley
President, Less Government



Charles Sauer
President, Market Institute

Tim Jones
Fmr. Missouri House Speaker/Chairman, Missouri Center-Right Coalition



Doug Kellogg
Executive Director, Ohioans for Tax Reform

Eric Ventimiglia
Executive Director, Pinpoint Policy Institute

Lorenzo Montanari
Executive Director, Property Rights Alliance

James L. Martin
Founder/Chairman, 60 Plus Association

Karen Kerrigan
President & CEO, Small Business and Entrepreneurship Council

Andrew Gins
Interim Director, Shareholder Advocacy Forum

David Williams
President, Taxpayers Protection Alliance

Jenny Beth Martin
Honorary Chairman, Tea Party Patriots Action

Chris Burger
Chairman, Tennessee Center-Right Coalition

Kevin Riffe
Chairman, West Virginia Center Right Coalition