STODDARD FOR CONGRESS

— Utah's 3rd Congressional District —

"MAKE AMERICANS WEALTHY AGAIN!"

STOP TAXING GAINS THAT WERE NEVER GAINS

The Savings & Investment Fairness and Indexation Act

&

The Make Americans Wealthy Again Savings / Investment Account

A Policy Position Paper

"... nor shall private property be taken for public use, without just compensation."
— U.S. Const. amend. V

They Tax Profit You Never Made!

I. The Two Takings

A Utah family buys a small asset in 2010 — a few shares, a rental duplex, a certificate of deposit rolled over year after year. In 2026 they sell. The dollar has lost roughly a third of its purchasing power in the interval. The asset's ***nominal*** (inflated price due to debasement of the US Dollar) price has risen accordingly. The Internal Revenue Service now taxes the entire difference (gain **+ inflation**) as "gain". The inflation portion of the "gain" is not profit. It is the family's own principal, restated in smaller dollars, and taxed as if it were income.

Call it what it is: **a tax on principal, disguised as a tax on profit, levied because the money was engineered to fail & steal!** Government debases the currency and the debasement inflates the sticker price of everything you own, and the government then taxes the inflation it manufactured. **The arsonist bills the fire victims.**

That is the first taking. The second has a date: **1982.** Until then, a saver drawing down an ordinary annuity recovered his own money first — first in, first out — and owed tax only when his withdrawals finally reached actual earnings. The Tax Equity and Fiscal Responsibility Act of 1982 flipped that rule to gains-first, so that the taxman now stands at the front of the line, ahead of the saver's own principal. It was a revenue grab, enacted as one, and it has quietly punished you and your family for more than forty years.

Washington Already Knows Part of Your Income is Inflation!

This is not a novel theory I am asking Congress to accept. It is a principle Congress already applies — wherever the failure would be visible to voters, and nowhere it can hide.

- **The brackets are indexed.** Since the 1981 tax act, the income-tax brackets, the standard deduction, and the exemptions have been adjusted for inflation every year, because "bracket creep" was taxing raises that were not raises — and voters could see it. Congress conceded, four and a half decades ago, that inflation is not income. It simply declined to concede it where the phantom hides: in the basis of your savings.

- **The government indexes its own bonds — and taxes yours.** Treasury Inflation-Protected Securities adjust their principal for inflation, because when Washington borrows, Washington protects itself from its own debasement. Then it turns around and taxes the holder, every year, on that inflation adjustment as ordinary income — phantom paper income, taxed before a dime of it is received. The sovereign indexes its own debts and taxes your protection against its own printing press. They get to have their cake and eat yours too!
- **The fix has already been studied.** In the last decade the Treasury Department examined indexing capital-gains basis by regulation and concluded it could not be done by rule — it requires legislation. The bill, in other words, is not utopian. It is waiting for a sponsor.

II. The Principle

The whole of this paper can be summarized in one sentence: **the government may tax profit (yes I am for tax reduction too) — but never debasement.** Every dollar of real profit remains taxable. Not one dollar manufactured by inflation, and not one dollar of the saver's own principal, is honestly the government's to take.

III. The Proposal: One Page, One Principle

The Savings & Investment Fairness and Indexation Act states its purpose in a single sentence:

> *"To restore the principle that the United States taxes profit and not debasement, by indexing savings and investment — principal and earnings alike — to the currency's decline, and counting the saver's own dollars first."*

Title I — The Make Americans Wealthy Again Account

One account, three rules, no warden at the door:

- **Open to every American, from birth.** You contribute dollars you have already paid tax on — up to $10,000 a year, per person, indexed from the day of enactment so that Congress can never shrink your savings room by simply printing. One flat cap. No income tests. No phase-outs. No "qualified uses." No required distributions. It is your savings, not the government's program — and because there is no earned-income requirement, a grandparent may open and fund an account for a grandchild in the cradle, starting ten-year clocks that vest before she is grown.

- **Every contribution is indexed from the day you make it.** Each year's deposit is its own lot, and each lot's basis rises with the official inflation index from its own date — the same routine arithmetic the Treasury already performs on its own inflation-protected bonds, and that every custodian's computer can run before breakfast.
- **Every dollar the account earns is then indexed also.** A dollar of interest earned in year one becomes, that same day, a new indexed lot of its own. Its profit is measured once — in the dollars of the year it was earned — and the inflation that falls on it ever afterward is never counted as profit again. Year two's earnings the same, and year three's, lot by lot, for the life of the account. The account keeps its books in constant dollars, at every layer: your principal is never taxed as profit, and your profit is never inflated into more "profit" than it ever was.
- **Hold a lot ten years and the honest count is yours.** Withdrawals come out first-in, first-out — contribution lots and earnings lots alike, oldest first, at full indexed value. Every withdrawal is the return of your own money — untaxed — until your entire indexed principal has come back to you. Only then does the tax touch anything, and what it touches is, by construction, real profit — measured in the dollars of the year it was actually earned, and not one debased cent more.

Nothing is ever locked. Take a lot out early and there is no penalty tax and no prison — you simply forfeit the honest count on that lot and pay tax the ordinary way. And because the ten-year clock runs on each contribution rather than on the account, a family that starts saving at thirty has a newly vested rung of its ladder come due at forty — and every single year thereafter, for life.

Title II — The Same Honest Count, Everywhere

- **Capital gains, indexed.** Outside the account, the basis of every capital asset is adjusted for inflation between purchase and sale. The IRS taxes the real gain — all of it — and the phantom, never again.
- **Interest, counted honestly.** Taxable interest is the real component only: the nominal interest minus the year's inflation on the principal, floored at zero. When the bank pays you four percent while the dollar loses three, you earned one — and one is what the taxman may see. And once a dollar of interest has borne its tax, it is your principal like any other: indexed from that day forward, never to be counted as "gain" again.

Two titles, one rule, applied to stocks and to flows. This is not a stapled-together package. It is a single principle stated twice.

What This Bill Does Not Do

It appropriates nothing. It subsidizes nothing. It matches nothing. It creates no agency, no office, and no new form beyond arithmetic your broker's software already performs. I want to be honest with you in a way career politicians will not be: **government cannot make you wealthy.** Wealth is production, saved, and not taken. What government can do — all it can do — is stop unmaking you. This bill takes not one dime from your neighbor to give to you. It stops taking your dollars unjustly.

And the word "Again" is not nostalgia. It has dates. Americans saved in money, and the money held — until 1971, when the dollar's last anchor was cut. Americans recovered their own principal first — until 1982, when the count was flipped. I am not proposing anything new. **I am repealing two takings.**

IV. Anticipated Objections

"This is just another tax shelter for the rich."

It shelters nothing — read it again. Every dollar of real profit remains taxable, someday, in full. The bill refuses only two things: to tax your principal as if it were profit, and to tax inflation as if it were gain. That is not a shelter; it is arithmetic. And if Congress wants to talk about shelters: in 2017 it enacted Opportunity Zones, under which an investor who holds for ten years pays *no tax at all* on the appreciation — permanently exempt, by statute — provided he invests in designated tracts. And notice: the account before you is capped at $10,000 a year; the loopholes Congress wrote for Wall Street are not capped at all. A hedge-fund principal cannot move his fortune into this account — the ceiling makes it structurally impossible. Congress already wrote a richer version of this deal for Wall Street, uncapped. I am writing a more modest one for your kitchen table — every family, everywhere, capped, and the profit still taxed.

"It will blow a hole in the budget."

The static scorekeepers will count every dollar of forgone phantom-gains tax as "lost revenue." But revenue extracted by taxing inflation the government itself manufactured was never honestly owed in the first place. A pickpocket does not suffer a "loss" when he is made to stop. And the ordering rule costs the Treasury nothing it held before 1982 — first-in-first-out was the law of the land until Congress flipped it to grab revenue. Restoring it is restitution, not expenditure.

"Index to what? The CPI is manipulated."

The fairest objection on the list, and I concede its premise. The Consumer Price Index is the government measuring its own debasement with a yardstick it controls, and every "methodological improvement" for a generation has shortened the yardstick. My answer is twofold. First: any statutory index is better than none — an honest count in shrunken units still beats a dishonest count in shrunken units. Second: the corruption of the yardstick is a separate count on the same indictment, and I have already filed it — see the companion paper, *Restore Sound Money.* This bill specifies the standard index, floored at zero, and forbids the quiet substitution of a slower-running ruler. Fix the money and the index question disappears. Until then, count honestly with the ruler we have.

“We already have IRAs and 401(k)s.”

We have accounts with wardens. Penalty walls, income phase-outs, contribution mazes, required minimum distributions, “qualified use” rules policed by form and threat. Ask why working families don’t use them, and the answer is revealed in their behavior: because their money gets imprisoned, and a family living close to the margin cannot afford to post bail. The Make Americans Wealthy Again account has three rules and no warden. Your principal is yours on any day of your life, no questions asked. That — not the tax mathematics — is why the ordinary family will actually use it.

“Ten years is too long to ask a family to wait.”

Nothing waits behind bars. The money is yours, already taxed, withdrawable any day without penalty; early withdrawal costs you only the prize (early withdrawal eliminates the principal fifo rule), never a fine. Ten years is not a sentence — it is a vesting date, and it runs lot by lot. After the first decade, a new rung of the ladder matures every single year. The account does not ask a family to wait ten years for its money. It offers a family a reward for every year its patience holds — which is precisely the habit that builds wealth, and precisely the habit forty years of gains-first taxation has punished.

V. Conclusion: A CPA’s Testimony

I have spent a career as a Certified Public Accountant preparing returns for Utah families, and I will testify to what I have seen on the schedules, year after year: clients taxed on “gains” that were never gains — on the ghost of a dollar shrinking under their feet — and savers penalized in the exact measure of their patience. The tax code as written is not merely burdensome. In this respect it is **false**. It counts wrong, it counts wrong on purpose, and it has counted wrong since 1982 in one respect and since 1971 in the other.

Congress indexes its own brackets. Congress indexes its own bonds. Congress knows inflation is not income — it has known for more than forty-five years. It simply prefers that you not know. The Savings & Investment Fairness and Indexation Act is one page long, because honesty is short. They have had four decades of counting it their way. I am asking for one page to count it yours.

They broke the dollar —
then taxed you for the damage.

Tax Profit. Never Debasement.

Make Americans Wealthy Again!

Sound-Money Mike

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Paid for by the Committee to Elect Michael Stoddard to Congress