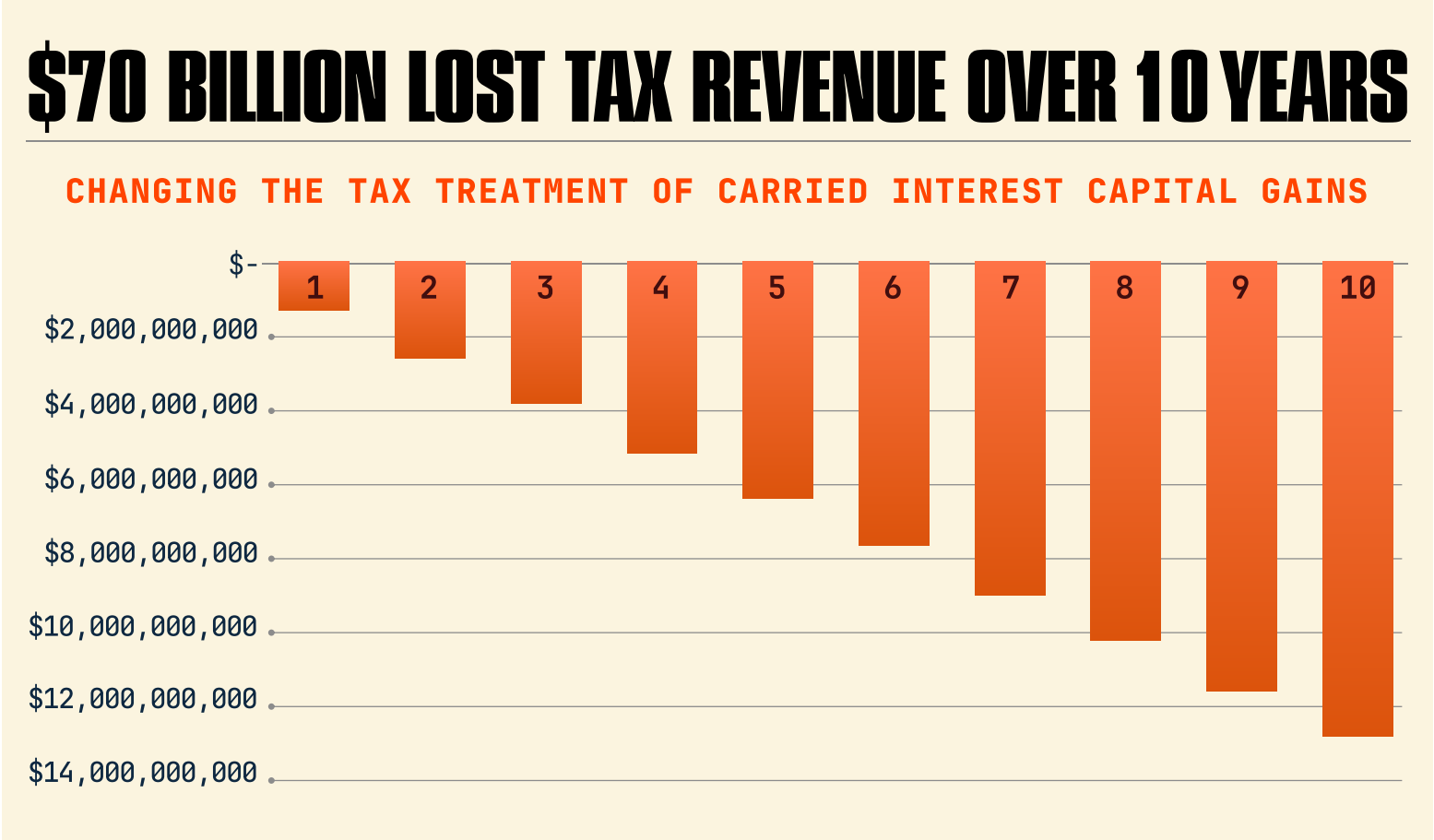


New Report: Proposed Investment Tax Hike Would Increase the Deficit, Kill Jobs, Slow Housing Construction & Threaten American Innovation



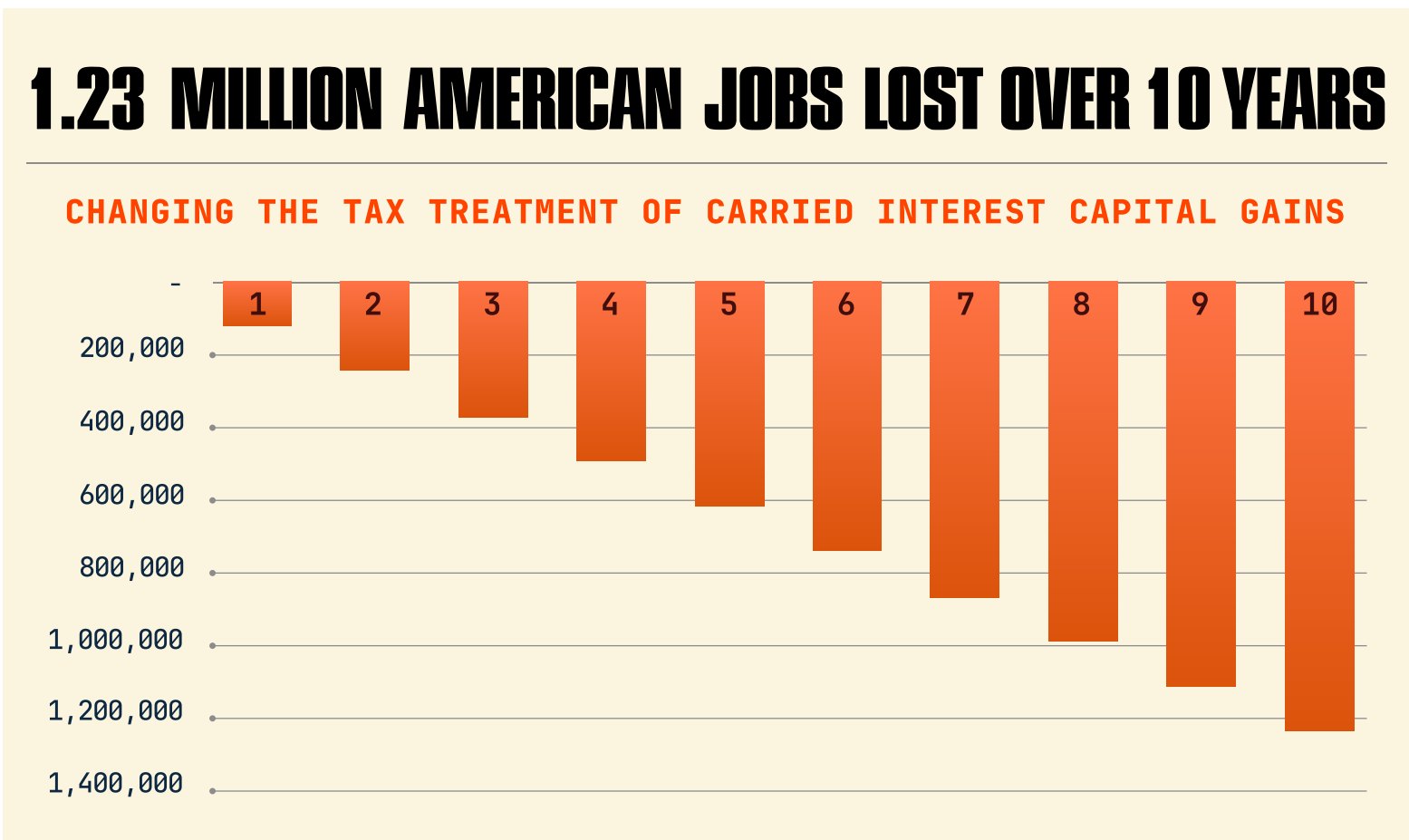
Dr. Charles Swenson, Professor of Accounting at the University of Southern California Marshall School of Business, released a new report outlining the economic effects that proposed tax increases on carried interest capital gains would have on American workers, small businesses, and innovation. Professor Swenson delivered the following statement about his report:

“Real estate, venture capital, and private equity account for an estimated 32 million American jobs and provide annual estimated Federal tax revenues of over \$376 billion. My latest report delivers the most conservative estimate of what will happen if Washington drastically increases taxes on private investment. This report is a testament to the importance of backing up policy recommendations with sound calculations and analysis before making decisions that would affect so many American workers, small businesses, and industries.”

[Click here](#) to read the full report which details how the tax increase would lead to:

HIGHER FEDERAL DEFICIT

Increasing taxes would result in reduced incentives for real estate, venture capital, and private equity to invest in longer-term, productive projects. Estimated net federal revenue losses could be up to \$1.2 billion in the first year of implementation, increasing to as much as \$12.84 billion annually after 10 years – totaling \$70 billion over 10 years.



FEWER AMERICAN JOBS

Real estate, venture capital and private equity partnerships and their portfolio companies account for an estimated 32 million American jobs. Many businesses that would normally seek private investments may be unable to find financing and fail, leading to an estimated loss of at least 1.23 million well-paying jobs for American workers.

ONE OF THE HIGHEST INVESTMENT TAX RATES IN THE WORLD

Proposed carried interest capital gains tax increases would raise the U.S. investment tax rate to 40.8% - [higher](#) than those in China, Canada, and many European countries. This undermines efforts to make the U.S. more attractive for private investments that support American manufacturing, energy production, and housing construction.

LESS HOUSING CONSTRUCTION

The U.S. is in the midst of a housing shortage, with an estimated 5.5 million new housing units needed to keep up with demand. Raising taxes on real estate investments will further discourage development in a crucial sector that impacts every American.

LESS AMERICAN INNOVATION

Increasing carried interest capital gains tax rates to ordinary income tax rates removes the existing tax incentive alignment between entrepreneurs, venture capitalists, and limited partner investors to make longer-term high-risk investments. Venture firms would likely switch to less risky investments – which will lead decrease innovation, particularly in the high tech and bio-tech industries.

LOST RETIREMENT EARNINGS

Private investments deliver the strongest returns for public pensions and strengthen retirement savings for more than 34 million public workers. Public pension funds supporting retirees could lose up to \$520 million annually since they would be forced to shift into lower-yielding investments.