

Taxing Capital Gains is Something Voters Get

As we have raised before, the electorate has significant concerns about raising taxes in this fragile economic environment, particularly any tax increase that could impact small business. Voters believe that *we need to do everything we can to help businesses get back on their feet so they can get Americans back to work to keep the economy moving in the right direction* (70-18 believe-do not believe).

Within those concerns about raising taxes, particularly on businesses, voters seem to have an understanding that taxes on capital gains have a significant impact on investment and business access to capital. While an increase in the capital gains tax is still part of the current bill, this has been one of the tax proposals that has encountered the most resistance within internal Democratic negotiations, with capital gains tax increases having been scaled back from the original proposed rate of 43.4%.

Raising the top capital gains tax rate from 23.8% to 43.4%	Overall	GOP	Indep	Dem	Mod Dem	Lib Dem
Favor	34	20	29	51	42	61
Oppose	44	63	42	28	35	22

In the latest survey for Winning the Issues (September 4-6), voters oppose raising the top capital gains tax rate to the initially proposed rate of 43.4% (34-44 favor-oppose) but with even more striking results by party and ideology. In addition to Republicans opposing this specific tax increase (20-63), independents oppose it 29-42. Among Democrats overall, there is barely a majority of support (51-28), with much stronger support coming from liberal Democrats (61-22) than moderate Democrats (42-35). With only 42% of moderate Democrats supporting a capital gains tax increase, this indicates a weak level of support, as reflected by the objections raised by moderate Senate Democrats like Mark Warner.

As President John Kennedy once said in his [1963 message to Congress on tax reduction and reform](#), “*The tax on capital gains directly affects investment decisions, the mobility and flow of risk capital from static to more dynamic situations, the ease or difficulty experienced by new ventures in obtaining capital, and thereby the strength and potential for growth of the economy.*” Given the current outlook from the electorate on capital gains taxes, this seems to be a concept voters understand.