

114TH CONGRESS
1ST SESSION

H. RES. 464

Affirming that private equity plays an important role in growing and strengthening United States businesses throughout all sectors of the economy and in every State and congressional district and that it has fostered significant investment in the United States economy.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 6, 2015

Mr. CONAWAY (for himself, Mr. ALLEN, Mr. CARTER of Texas, Mr. COLLINS of New York, Mr. BABIN, Mrs. BLACKBURN, Mr. BOUSTANY, Mr. FARENTHOLD, Mr. FLORES, Mr. FRANKS of Arizona, Mr. GOHMERT, Mr. HUDSON, Mr. HURT of Virginia, Mr. LAMALFA, Mr. LAMBORN, Mr. LUCAS, Mr. LUETKEMEYER, Mr. MARCHANT, Mr. MCHENRY, Mr. MOONEY of West Virginia, Mr. OLSON, Mr. PEARCE, Mr. ROKITA, Mr. SALMON, Mr. SESSIONS, Mr. SMITH of Texas, Mr. STIVERS, Mr. WEBER of Texas, and Mr. YOUNG of Indiana) submitted the following resolution; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

RESOLUTION

Affirming that private equity plays an important role in growing and strengthening United States businesses throughout all sectors of the economy and in every State and congressional district and that it has fostered significant investment in the United States economy.

Whereas private equity and growth capital is an industry that partners with pensions, foundations, and endowments to

invest over the long term in promising companies in need of a turnaround and poised for growth;

Whereas private equity invested more than \$522,000,000,000 in United States-based businesses last year and more than \$4,577,000,000,000 over the past 10 years;

Whereas the cornerstone of the private equity business model is growing and strengthening companies over the long term to create stronger businesses and return value to investors;

Whereas private equity partnerships help bring together management expertise with investment capital;

Whereas low taxes on long-term capital gains income is a fundamental part of fostering long-term investment in the United States, and private equity relies on long-term capital gains income to incentivize investment;

Whereas private equity funds invest in a diverse set of industries and sectors of the United States economy, including manufacturing, health care, information technology, business services, energy, and others;

Whereas private equity investment drives economic growth throughout the Nation and helps United States businesses compete globally;

Whereas more than 24,000 private equity-owned businesses are based in the United States and employ approximately 11,300,000 people in the United States;

Whereas most private equity investment spans between 3 and 7 years;

Whereas public pension funds' median 10-year annualized returns on investments in private equity outperform all

other asset classes, including public equity, real estate, and fixed income;

Whereas policymakers should treat all similarly situated partnerships, such as private equity, venture capital, and real estate, equally;

Whereas tax policy should incentivize capital access, investment, and innovation;

Whereas appropriately taxing capital gains income is fundamental to many business partnerships, including private equity partnerships;

Whereas the key criterion for capital gains treatment is if the taxpayer has made an entrepreneurial investment of capital, expertise, or both in a capital asset;

Whereas private equity general partners develop business plans, hire and manage senior corporate executives, and participate in the ongoing corporate governance for the firms their funds invest in;

Whereas the gains of a private equity fund are a direct result of the significant expertise invested by the general partners and these gains have always been appropriately taxed as capital gains income for all partners;

Whereas mischaracterizing carried interest income as ordinary income will discourage the formation of private equity partnerships and reduce the entrepreneurial risk-taking necessary to build businesses; and

Whereas private equity firms are essential to a healthy, growing United States economy and private equity investments can unlock economic value, transform industries, and put the Nation back to work: Now, therefore, be it

1 *Resolved*, That—

1 (1) the House of Representatives affirms that
2 private equity plays an important role in growing
3 and strengthening United States businesses through-
4 out all sectors of the economy and in every State
5 and congressional district and that it has fostered
6 significant investment in the United States economy;
7 and

8 (2) it is the sense of the House of Representa-
9 tives that Congress should maintain normative tax
10 policy that carried interest income resulting from the
11 sale of a capital asset is capital gains income.

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