We negate resolved the United States should abolish that Capital Gains Tax.

**Contention 1 is Gutting Growth**

The **Tax Policy Center** explains that a capital gain is realized when a capital asset, such as a stock or mutual funds, is sold or exchanged at a price higher than it bought for.

This is known as the Capital gains tax.

The Capital Gains Tax is extremely beneficial because it discourages Stock Buyback Programs which **Alsin of Forbes 2017** explains is when a company buys back it own stocks to boost its earnings per share  a metric that often guides lucrative executive bonuses.

This is because the Capital Gain Tax is imposed when stocks are sold raising the cost of transactions and subsequently decreasing the number of shares the company can buy back.

The **University of Pennsylvania 2017** quantifies that if the capital gains tax was 15 percentage points lower, aggregate repurchases would have been $422 billion greater.

The Impact is that Stock Buyback Programs divert funds away from Innovation.

**Trainer of Forbes 2016** writes that pressure to hit short-term earnings targets and executive compensations incentivize the wrong metrics and often push companies to buy back stock when it’s capital could better be used elsewhere.

**Sikes 2017 of Wharton** furthers that when capital gains taxes are high companies reduce repurchasing of shares in favor of R&D and real investment to grow their stock value.

This is highly important for growth as a recent study by **Begun** finds that a 1 percent increase in R&D spending grows the economy by 0.61 percent.

**Contention 2: is Tailoring Investment**

**Yang 2016 writes in Forbes Magazine** that more than 50 million Americans live in economically distressed communities. Many areas continue to struggle in recession even as more prosperous zip codes enjoy booming job growth. Data highlights how economic opportunity is increasingly concentrated.

**Thankfully Banks of Impact Alpha** explain that among the many provisions of the Republican tax bill signed by President Trump is the new “Investing for Opportunities Act”

This new piece legislation uses the capital gains tax to incentivize investment in low income neighborhoods deemed opportunity zones in two key ways.

**First is relieving investors.**

**The Economic Innovation Group 2017** explains that the Investing for Opportunities Act allows investors to temporarily avoid the capital gains tax and even lower the tax rate on the eventually liquidation but only if they reinvest the gains intoassets in an Opportunity Zone for a certain duration.

Essential an investor get an instant profit via a tax break encouraging them to invest in the areas that need it the most.

Thus they conclude that this policy will remove the tax disincentive for investors to invest in assets in distressed communities, and preserve a larger amount of capital for for such areas.

**Second is Giving Distressed Communities a Fighting Chance.**

**The Economic Innovation Group** furthers that for long term investments, any gains made in the opportunity zone is tax exempt as well.

Specific Capital Gains exclusion is key as **Porter writes in the Harvard Business Review** that economic activity in and around inner cities will only take root if it enjoys a competitive advantage and occupies a niche that is hard to replicate elsewhere. Ultimately, inner-city-based businesses will generate appropriate returns to investors if aided by incentives, such as exclusion from the capital gains tax.

**EIG quantifies in 2018** that an investor nets an additional $44 for every $100 of capital gains reinvested into an Opportunity Fund compared to an equivalent investment in a more traditional stock portfolio.

Ultimately **Troyan 2016** quantifies that the legislation based on previous tax credit programs could lead to $15 billion to $17 billion in new investments in opportunity zones around the country.

**The impact is decreasing neighborhood poverty.**

**CDFI Fund 2016** empirically finds that 3.16 billion dollars of investment to distressed communities can funded 34 thousand affordable housing units, financed 530 businesses, and created 37.6 thousand jobs.

**Sharkey from New York University writes 2009** neighborhood poverty alone accounts for a greater portion of the black-white downward mobility gap than the effects of parental education, occupation, labor force participation, and a range of other family characteristics combined.