



June 18, 2021

The Honorable Ron Wyden  
Chairman  
Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Michael Crapo  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Richard Neal  
Chairman  
Ways and Means Committee  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin Brady  
Ranking Member  
Ways and Means Committee  
U.S. House of Representatives  
Washington, DC 20515

**Re: Proposed Taxes on Long-Term Capital Gains**

Dear Chairman Wyden, Ranking Member Crapo, Chairman Neal, and Ranking Member Brady:

The undersigned organizations work alongside small businesses across the United States as investors and strategic partners, helping these businesses grow, hire new workers, and make a positive impact on their local communities. We write to express our deep concern over current proposals in Congress that would unfairly tax investments made in small businesses, making it exceedingly harder for our economy to fully recover from the pandemic.

The current debate over tax policy has unfortunately devolved into a caricature of wealth in the United States and has largely ignored the impact that recent tax proposals will have on millions of small businesses, their communities, and their employees. Small business “wealth” is the result of years of sacrifice, dedication, and the sweat equity that millions of entrepreneurs put into the businesses they create. It is not created by speculation in the large public markets, “get rich quick” schemes, or other means that have unfortunately become the justification for raising taxes on small businesses and their investors. Small business wealth is created by hard work, perseverance, patience, and confidence in the long-term return on an investment.

Our firms provide long-term, patient capital to small businesses, many of which would struggle or fold entirely if they did not have partners to invest in their growth. It can take years or even decades for investors to realize profits from the commitments they make to their portfolio companies. Disincentivizing such investment would have serious, long-term ramifications for small businesses and our economy and would make it even harder for entrepreneurs to get their ideas off the ground.

Our firms largely operate and provide capital to small businesses that are located most commonly outside of Silicon Valley and Wall Street. The investments we make are in areas of the country that are underserved by traditional lenders or otherwise passed over. We are often the lifeline that businesses look towards to navigate a difficult period or achieve their growth objectives. According to a recent report, in 2020, private equity firms were invested in 16,000 businesses throughout the United States which collectively employed 11.7 million workers.<sup>1</sup> 86% of these were small businesses.

Tax increases on long-term capital gains, which include carried interest, are taxes on small business owners, their families, their employees, and their investors. The current proposed tax policy is the exact opposite of what is needed to reinvigorate our economy, create jobs, and provide upward mobility. When a small business is sold after operating for years, it can often be for more than the proposed \$1 million threshold of what is being deemed as “wealthy,” and therefore taxed at a double rate. In many cases, the entire sale proceeds of a family-owned business could be that family’s entire retirement nest egg and college savings fund. Doubling the taxes for such a sale does not contribute to tax “fairness” – it only serves as a punitive measure after years of the sacrifice, hard work, risk, and investment that go into building a business.

We urge Congress to consider the impact these proposed tax increases will have on Main Street businesses and their investors, and to reject changes to the tax code that penalize entrepreneurship and small business investment. We look forward to working with members on this critical issue as the tax debate evolves.

Sincerely,

**The Riverside Company**

Cleveland, OH

**NewSpring Capital**

Radnor, PA | Towson, MD | Denver, CO

**Diamond State Ventures**

Little Rock, AR | Destin, FL

**Salem Investment Partners**

Greensboro, NC

**HealthEdge Investment Partners**

Tampa, FL | Atlanta, GA

**Eagle Private Capital**

St. Louis, MO

**Dos Rios Partners**

Austin, TX

**Tonka Bay Equity Partners**

Minnetonka, MN

**Midwest Growth Partners**

West Des Moines, IA | Omaha, NE

**Route 2 Capital Partners**

Greenville, SC | Charleston, SC

**Jefferson Capital Partners**

Mandeville, LA

**North Atlantic Capital**

Portland, ME

**Resolute Capital Partners**

Nashville, TN

**AAVIN Equity Advisors**

Cedar Rapids, IA | Kansas City, MO  
Monona, WI

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<sup>1</sup> [https://www.investmentcouncil.org/wp-content/uploads/pe\\_economic\\_contribution\\_report\\_2020.pdf](https://www.investmentcouncil.org/wp-content/uploads/pe_economic_contribution_report_2020.pdf)

**Pivotal Capital Partners**  
Menlo Park, CA | Prairie Village, KS

**Tecum Capital Partners**  
Pittsburgh, PA

**LNC Partners**  
Reston, VA

**Brass Ring Capital**  
Minnetonka, MN

**Kian Capital**  
Atlanta, GA | Charlotte, NC

**Dubin Clark & Company**  
Boston, MA | Jacksonville Beach, FL

**Argosy Private Equity**  
Wayne, PA

**LFE Capital**  
Naples, FL

**GMB Capital Partners**  
Minneapolis, MN

**High Street Capital**  
Chicago, IL

**Argentum Group**  
New York, NY

**Oxer Capital**  
Columbus, OH

**Capitala Group**  
Charlotte, NC

**Plexus Capital**  
Raleigh, NC

**Merion Investment Partners**  
Radnor, PA | Santa Monica, CA

**Brookside Capital Partners**  
Stamford, CT | Los Angeles, CA  
Naples, FL | Boston, MA

**LBC Small Cap**  
Radnor, PA

**Saratoga Partners**  
New York, NY

**Aldine Capital Partners**  
Chicago, IL

**GarMark Partners**  
Stamford, CT

**Convergent Capital**  
Minneapolis, MN | Newport Beach, CA

**Tregaron Capital Co.**  
Palo Alto, CA

**Independent Bankers Capital Funds**  
Dallas, TX

**The Tokarz Group Advisers, LLC**  
Purchase, NY | Cincinnati, OH | Chicago, IL

**Pine Street Capital Partners**  
Albany, NY

**SBJ Capital**  
Walnut Creek, CA

**Concentric Investment Partners**  
Raleigh, NC

**Gemini Investors**  
Wellesley, MA

**Lake Country Capital**  
Edina, MN

**SharpVue Capital**  
Raleigh, NC

**DCA Partners**  
Sacramento, CA

**Graycliff Partners**  
New York, NY | Seattle, WA  
Richmond, VA | Louisville, KY

**Boathouse Capital**

Wayne, PA

**Stellus Capital Management**

Houston, TX

**Valesco Industries**

Dallas, TX

**Kidd Company, LLC**

Greenwich, CT

**Spell Capital Mezzanine**

Minneapolis, MN

**Topmark Partners**

Tampa, FL

**Cadence Bank, N.A.**

Atlanta, GA | Houston, TX

**Seacoast Capital**

Danvers, MA | San Francisco, CA

**Horizon Technology Finance**

Farmington, CT | Pleasanton, CA

**Maranon Capital**

Chicago, IL

**Patriot Capital**

Baltimore, MD | Chicago, IL

Dallas, TX | Atlanta, GA

**Petra Capital Partners**

Nashville, TN

**Granite Creek Capital Partners**

Chicago, IL

**HCAP Partners**

San Diego, CA

**Spring Capital Partners**

Lutherville, MD | Radnor, PA

**Farragut Capital Partners**

Washington, DC

**Lineage Capital**

Boston, MA

**Capital Alignment Partners**

Nashville, TN | Newport Beach, CA

**Five/I Enterprises LLC**

Atlanta, GA

**Serra Ventures, LLC**

Champaign, IL | San Diego, CA | Chicago, IL

**Corbel Capital Partners SBIC**

Los Angeles, CA

**Central Valley Fund**

Davis, CA | San Diego, CA | Fresno, CA