

Family Business Coalition to Congress: Stop the Death Tax Hike, Push for Full Repeal

July 24, 2012

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
S-230, United States Capitol
Washington, DC 20510

Dear Leader McConnell,

The undersigned organizations are encouraged by your resolve to stop the \$500 billion tax increase currently scheduled to take effect on January 1, 2013. “Taxmageddon” will result in an average tax increase of \$3,800 per American household, with 70% of the impact falling directly on low-income and middle-income families. Congress must prevent these job-killing tax increases from hitting American families, businesses, and workers.

One especially pernicious “taxmageddon” tax hike is the scheduled expansion of the death tax. Unless Congress acts, death tax rates will jump to a punitively-high 55% rate and slam many more Americans with a big tax bill when the exemption is lowered to just \$1 million. Under that policy, simply owning a small family businesses and a home could trigger a 55% tax at death, a serious burden on families and oftentimes an insurmountable hurdle when attempting to pass a family business or farm along to the next generation. Senator Hatch’s S. 3413, the Tax Hike Prevention Act of 2012, would prevent “taxmageddon” by extending current tax policy and would prevent a death tax hike to 55% by holding the tax at its current rate and exemption (35% with \$5 million exempt). While our coalition believes that full repeal of the estate tax is the only acceptable permanent solution, the undersigned organizations **support S. 3413** and urge the Senate to quickly act on the bill.

The undersigned organizations **strongly oppose, S. 3412**, the Middle Class Tax Cut Act, introduced by Sen. Harry Reid, which would extend the 2001-03 tax relief for taxpayers making under \$250,000 but would create a middle class death tax of 55% by letting current estate tax policy expire. According to the Tax Policy Center, if the current death tax expires, then the resulting, stricter exemption threshold will force 114,600 estates to file for the tax in 2013 — this represents a 13-fold increase from the previous year’s 8,800 estates, and countless wasted hours filling out tax paperwork. Of that cohort, an unfortunate 52,500 will be liable to pay the death tax. Economist Douglas Holtz-Eakin predicts that allowing the death tax to return to a \$1 million exemption and 55% rate would destroy over 500,000 small business jobs while full repeal of the death tax could create up to 1.5 million small business jobs.

As the close of the 112th Congress approaches, all Senators should fight to affirm the high moral position, shared by the large majority of the American public, that death simply should not be a taxable event in this country. When polled, nearly 70% of Americans consistently supported full repeal of the death tax. Death tax repeal is not a partisan issue – Senators Landrieu, Feinstein,

Nelson (NE), Nelson (FL), Baucus, Johnson, and Wyden have all previously voted to repeal the death tax entirely during their time in Congress and in 2010 Senator Manchin signed a public commitment to his constituents to support full death tax repeal.

Our coalition of think tanks and industry groups believes that Congress ought to be able to design a tax code that does not include an unfair double tax at death. As you work to quickly pass legislation to prevent a disastrous “taxmageddon,” we also look forward to working with you to repeal the death tax and end its harmful effects on the American economy.

Signed,

Jim Martin
Chairman,
60 Plus Association



Scott Jones
CEO,
Forest Landowners
Association



Rob Underwood
Manager of Congressional
Relations,
The Petroleum Marketers
Association of America



Grover Norquist
President,
Americans for Tax Reform



Jim Rowland
Executive Vice President,
Wine & Spirits Wholesalers of
America



Douglas K. Woods
President,
AMT – The Association For
Manufacturing Technology



Andrew Roth
Vice President of Government
Affairs,
Club for Growth



Stephen J. Entin
President & Executive Director,
Institute for Research on the
Economics of Taxation



Roy Littlefield
Executive Vice President,
The Tire Industry Association



Kirk McCauley
Service Station Dealers of
America and Allied Trades
(SSDA-AT)



Marta Gates
Director of Operations,
WMDA Service Station &
Automotive Repair Association



Danny Dructor
Executive Director,
American Loggers Council



Frank Stewart
Executive Director,
Forest Landowners Tax Council



J. Barry Epperson
General Counsel,
Associated Wire Rope
Fabricators



Ben Gann
Director of Legislative Affairs
& Grassroots Activities,
National Lumber and Building
Material Dealers Association



Jonathan Melchi
Director of Government Affairs,
Heating, Air-Conditioning &
Refrigeration Distributors
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Andrew Moylan
Vice President of Government
Affairs
National Taxpayers Union



Al Cardenas
Chairman,
American Conservative Union



Tim Phillips
President,
Americans for Prosperity



Dick Patten
President,
Patten Associates, LLC



Phil Kerpen
President
American Commitment



Collin Hanna
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Gary Bauer
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Palmer Schoening
President,
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Matt Hawes
Executive Director,
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John Berlau
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Gregory Wrightstone
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Seton Motley
President,
Less Government



Andrew Quinlan
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Lew Uhler
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