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 punitive-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

Grover Norquist
President,
Americans for Tax Reform

Andrew Roth
Vice President of Government Affairs,
Club for Growth

Scott Jones
CEO,
Forest Landowners Association

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

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

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

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

Roy Littlefield
Executive Vice President,
The Tire Industry Association
Collin Hanna
President,
Let Freedom Ring

Gary Bauer
President,
American Values

Amy Ridenour
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The National Center for Public Policy Research

Palmer Schoening
President,
Schoening Strategies

Matt Hawes
Executive Director,
Campaign for Liberty

Tom Schatz
President,
Council for Citizens Against Government Waste

John Berlau
Director,
Center for Investors and Entrepreneurs
Competitive Enterprise Institute

Gregory Wrightstone
President,
PA Coalition for Responsible Government

Seton Motley
President,
Less Government

Andrew Quinlan
President,
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Lew Uhler
President,
National Tax Limitation Committee