



July 18, 2013

Chairman Dave Camp
House Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Chairman Max Baucus
Senate Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

CC: Congressman Sander Levin and Senator Orrin Hatch

Dear Chairman Camp and Chairman Baucus,

The undersigned members of the Family Business Coalition strongly urge you to make full repeal of the federal estate tax (“death tax”) a main pillar of comprehensive tax reform in the 113th Congress. We are encouraged by your “blank slate” approach to reforming the tax code. We strongly believe that, starting with a blank slate, Congress ought to be able to design a tax code that does not impose a double or triple tax at death.

Family businesses and farms are often inventory and land rich but cash poor. Too often, family businesses lack the cash on hand to pay the 40 percent death tax and are forced into selling off machinery, firing workers, or closing down entire businesses to pay the death tax. As it stands, more than 70 percent of family businesses do not survive to the second generation, and a full 90 percent of family businesses do not survive to the third. The current tax code puts family businesses, America’s main job creating engines, at a competitive disadvantage to publicly owned corporations that are not forced into paying death taxes with the passing of each generation. Eliminating the death tax will correct this incongruence in the tax code and remove a costly barrier to passing on a family business.

Support for eliminating the death tax is strong in Congress and with the American public. Earlier this year 80 senators voted for a budget amendment (Senate Roll Call Vote 66) for the “repeal or reduction of the estate tax” and Congressman Brady’s Death Tax Repeal Permanency Act, which was recently reintroduced in the 113th Congress, amassed over 222 bi-partisan cosponsors in the 112th Congress. A large proportion of the American public also believes the death tax should be repealed; several public opinion polls show 60-70 percent of voters favor repeal. Including full repeal of the estate tax within a comprehensive tax reform package is the next logical step to moving the country towards full repeal of the estate tax.

Many countries including Russia, Sweden, China, Canada, Mexico, and Israel do not have a death tax. Among nations that do have a death tax, the average rate is 24 percent, (far lower than the current 40 percent top rate in the US). In a competitive global economy, Congress

should be enacting policies, which keep businesses in the US and encourage job growth. The death tax accounts for less than 1% of federal revenues each year and many studies show that more tax revenue will be collected if Congress eliminated the death tax entirely.

Eliminating the death tax will provide a boost the US economy. Douglas Holtz-Eakin, former director of the non-partisan Congressional Budget Office, found repeal will create nearly one million small business jobs. This new job creation will also help increase overall tax revenues; former Under Secretary of the Treasury Steve Entin found that death tax repeal will increase tax revenues by \$89 billion compared to current tax receipts. A 2012 Joint Economic Committee report found that the death tax has prevented nearly \$1.3 trillion in capital formation; this capital could have been reinvested in businesses to expand and hire more workers instead of wasted on compliance costs. Indeed, Alicia Munnell, a member of former President Clinton's Council on Economic Advisors, found businesses spend more in compliance costs than the government receives from the estate tax in revenue.

In addition to being economically destructive, the death tax is morally unfair. It makes no sense to require grieving families to pay a confiscatory tax on their loved one's nest egg. The threat of losing a lifetime of hard work to the government is a constant financial and emotional burden to our member business owners. Comprehensive tax reform presents an opportunity to end the burden of the death tax once and for all.

We look forward to working with you to move the country toward a common sense tax structure that promotes family business expansion and job growth.

Signed

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Chairman,
60 Plus Association



Harry Alford
President, CEO,
National Black Chamber of
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Vice President, Government
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