

July 26, 2005

Dear Senator:

We are writing to express our strong opposition to proposals to either permanently repeal the estate tax or reform it in ways that render it meaningless.

Repeal of the estate tax would drastically reduce federal revenues that are needed to meet critical challenges and curb record deficits. Full repeal would cost nearly \$1 trillion during the first ten years (2012 to 2021), adding to deficits that are already at record levels. Programs for vulnerable populations are already being cut, including Medicaid, Food Stamps, and other essential services. Along with this, the nation is facing the growing fiscal challenges that come with an aging population, rising health care costs, unmet education needs, Social Security insolvency, and homeland security. It will be much more difficult to meet these challenges if the estate tax is repealed.

We cannot afford another costly tax cut that benefits only the wealthiest few, as estate tax repeal would. Currently, only estates larger than \$1.5 million for an individual (\$3 million for a couple) are subject to the estate tax and that level is set to rise to \$3.5 million (\$7 million for a couple) by 2009; only about one percent of estates currently pay any estate tax at all. The estate tax is the most progressive part of the overall tax system; its repeal or drastic reduction will shift the tax burden to middle class and working Americans. Repeal of the tax runs counter to core American values of fairness.

Repeal of the estate tax would also reduce charitable giving. Recent studies, such as one from the Congressional Budget Office, show that if the estate tax had been repealed in 2000, U.S. charities would have lost \$13 to 25 billion in donations per year. Adjusting for inflation, these figures could be even higher in 2009 and the years following. This revenue cannot be replaced by charities and the effect of such losses on organizations receiving support from bequests and foundations — an enormous variety of organizations from soup kitchens to universities — will be debilitating.

We are encouraged by some who previously called for permanent repeal of the estate tax who now are willing to discuss reform options. We support the principles developed by the Americans for a Fair Estate Tax coalition for responsible reform (<http://www.ombwatch.org/estatetax/pdf/principles.pdf>) and urge you to review and embrace them. The principles state any reform must ensure the estate tax:

- Is fair and taxes only those people who can best afford to pay.
- Continues to provide much needed resources to federal and state governments.
- Provides charitable giving incentives.
- Is simplified and closes loopholes.

We fear, however, that some who now espouse reform are simply doing so as a back door means by which to repeal the estate tax. For example, a proposal to exempt the first \$10 million (\$20 million for a couple) of an estate from any taxation and to tax the remainder at 15 percent, the current capital gains rate, is unacceptable. It is little more than a fig leaf disguising permanent repeal and is irresponsible both in terms of fiscal impact and policy direction.

At a time when our country is struggling to curb the growth of record-high deficits and when we are debating deep cuts in assistance for the nation's most vulnerable populations, the last thing we need is yet another irresponsible tax cut for the very wealthiest Americans. We urge you to vote for fiscal discipline, fairness, and compassion; and to vote against both permanent repeal of the estate tax as well as irresponsible reform proposals that would lose nearly as much revenue and cost charitable organizations billions of dollars annually.

Sincerely,

9to5, National Association of Working Women

Alabama Arise

Alliance for Justice

Alliance for Retired Americans

American Counseling Association

American Federation of Government Employees Local 1151

American Federation of Labor - Congress of Industrial Organizations

American Federation of State, County, and Municipal Employees

American Federation of Teachers

Americans for Democratic Action

Associated Early Care and Education (MA)

Association for Children of New Jersey (NJ)

Association of Art Museum Directors

Association of Writers & Writing Programs

Atlantic Northeast Rails and Ports Weekly (ME)

Black Hawk-Grundy Mental Health Center, Inc. (IA)

Building Movement Project

Campaign for America's Future

Campaign for Working Families

Center for American Progress

Center for Economic Progress

Center for Law and Social Policy (CLASP)

Chicago Democratic Socialists of America

Child Care Law Center

Child Care Resources of Rockland (NY)

Children's Advocacy Institute

Children's Defense Fund

Citizen Action of New York (NY)

Citizen Action/Illinois

Coalition on Human Needs

Coalition to Preserve the Estate Tax (OR)

Community Action Committee of the Lehigh Valley (PA)

Connecticut Association of Nonprofits (CT)

Connecticut Citizen Action Group (CT)

Democracy for America

Democrats.com

Developmental Disabilities Council of Contra Costa County (CA)

Developmental Disability Program/Respite Program, Sound Alternatives (AK)

Early Childhood Policy Research

Evangelical Lutheran Church in America - Division for Church in Society

Every Child Counts (IA)
First Church of the Brethren
Florida Consumer Action Network
Food Research and Action Center
Fresno Chapter, California Faculty Association, California State University (CA)
Friends Committee on National Legislation
Friends of the Earth
Furniture Bank of Metro Atlanta (GA)
Georgia Rural Urban Summit
Grassroots Fundraising Journal
Health & Welfare Council of Long Island, Inc.
Home Instruction for Parents of Preschool Youngsters USA
Housing Action Illinois
Interfaith Housing Association
International Primate Protection League
Iowa Citizen Action Network
Joint Public Affairs Committee for Older Adults
Just Harvest: A Center For Action Against Hunger
Kids Project
Klein and Roth Consulting
Leadership Conference on Civil Rights
Legal Momentum
Let Justice Roll: Faith & Community Voices Against Poverty
Loretto Women's Network
Louisiana Democracy Project (LA)
Lutheran Community Services Northwest (WA)
Lutheran Public Policy Office of Washington State (WA)
Lutheran Settlement House from Philadelphia (PA)
Maine AFL-CIO (ME)
Maine Center for Economic Policy
Michigan Citizen Action
Michigan League for Human Services
Michigan League for Human Services (MI)
Mid-Suffolk NOW
Milwaukee Welfare Warriors (WI)
Minnesota Council of Nonprofits (MN)
National Advocacy Center of the Sisters of the Good Shepherd
National Association for Visually Handicapped
National Association of Social Workers
National Association of Social Workers (IA)
National Association of Social Workers (RI)
National Committee for Responsive Philanthropy
National Community Tax Coalition
National Council of La Raza
National Council of Nonprofit Associations
National Council on the Aging
National Education Association
National Farmer's Union
National Head Start Association
National Law Center on Homelessness & Poverty
National Low Income Housing Coalition

National Organization for Women
National Priorities Project
National Women's Conference
National Women's History Project
National Women's Law Center
NCA Union Retirees (Washington, D.C.)
NETWORK, A National Catholic Social Justice Lobby
New Jersey Citizen Action (NJ)
New Mexico Voices for Children (NM)
North Carolina Center for Nonprofits (NC)
North Carolina Housing Coalition (NC)
North Dakota Progressive Coalition (ND)
Northeast Missouri Client Council for Human Needs, Inc (MO)
Northwest, Southwestern, Eastern Washington/Idaho Synods - ELCA
NW Resources (OR)
NY State Child Care Coordinating Council (NY)
OMB Watch
Oakland County Welfare Rights Organization (CA)
Ocean State Action (RI)
Oregon Food Bank (OR)
Ounce of Prevention Fund
OWL, The Voice of Midlife and Older Women
Pennsylvania Citizens for Consumer Justice
People For the American Way
Pima Council on Aging (AZ)
Protecting Arizona's Family Coalition (AZ)
Protestants for the Common Good
Public Justice Center (MD)
Research Institute for Independent Living
Responsible Wealth, a project of United for a Fair Economy
RESULTS
RESULTS (OH)
RESULTS (OK)
ROSE Community Development (OR)
Second Harvest Food Bank of Lehigh Valley and Northeast Pennsylvania
SEIU Local 2000
SENSES
Service Employees International Union
Shriver Center (IL)
Social Concerns, Catholic Charities (IA)
Southern CA Association of Nonprofit Housing
Tax Fairness Project (CO)
Teaching Strategies, Inc.
The Alameda County Developmental Disabilities Planning and Advisory Council (CA)
The Arc of the U.S.
The East Bay Legislative Coalition on Developmental Disabilities (CA)
The Every Child Matters Education Fund
Union for Reform Judaism
Unitarian Universalist Association of Congregations
United Auto Workers
United Cerebral Palsy

United Church of Christ Justice & Witness Ministries
United Food and Commercial Workers International Union
United Vision for Idaho
University of Connecticut Health Center (CT)
US Action
Vermont Alliance of Nonprofit Organizations (VT)
VOICES for Alabama's Children (AL)
Voices for America's Children
Vote Kids
Walteria United Methodist Church (CA)
Washington Citizen Action (WA)
West Virginia Citizen Action Group
Wisconsin Citizen Action
Wisconsin Council on Children and Families
Women & Philanthropy
Youth In Politics (LA)
Youth In Power (LA)
YWCA USA