

April 11, 2005

Dear Representative:

We are writing to express our strong opposition to H.R. 8, which proposes to permanently repeal the estate tax. Americans for a Fair Estate Tax is a broad-based coalition of nonprofits including arts, environmental, human needs, education, and religious groups. The coalition was formed in 2001 to preserve the estate tax.

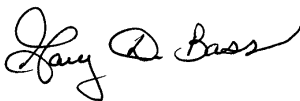
We oppose permanent repeal of the estate tax for three main reasons:

- **The estate tax is a valuable source of federal and state revenue.** The federal government is facing budget deficits for years into the future and federal revenues are at the lowest levels since the 1950s as a percentage of our economy. With these current economic realities in place, and as the nation prepares to meet the fiscal challenges of a rapidly aging population, skyrocketing health care costs, Social Security reform, and ongoing homeland security needs, the resources raised by the estate tax are especially vital. The Congressional Budget Office estimates making estate tax repeal permanent would cost \$290 billion over the next ten years (2006-2015). It would be fiscally irresponsible to repeal the estate tax, allowing the deficit to grow even further, and morally wrong to cut taxes for the wealthiest in our country while cutting programs for those less fortunate.
- **The estate tax is a vital incentive for charitable giving to nonprofit organizations and charities, as well as for the creation of charitable foundations.** A recent study by the Congressional Budget Office estimates repeal of the estate tax will have a drastic financial effect on the philanthropic community. CBO estimates if the estate tax had not existed in 2000, charitable donations would have been reduced by a stunning \$13 billion to \$25 billion that year. Further, experts at the Brookings Institution estimate U.S. charities would lose \$10 billion in donations *per year* if the estate tax is repealed. 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.
- **The estate tax is the only aspect of our current system that taxes inherited wealth and is an important part of a fair and balanced tax system.** It serves to reduce large concentrations of wealth from one generation to the next. Repealing the estate tax will only exacerbate these concentrations and further widen the gap between the rich and the majority of working Americans. This gap is unhealthy for our democracy. Given broad public concern about the influence and power money has in politics and increasing voter estrangement from the political process, we need to reduce the gap between rich and poor to help empower all citizens to play an active role in our democracy.

While Americans for a Fair Estate Tax opposes H.R. 8 and other efforts to permanently repeal the estate tax, we do support reasonable reform proposals. We believe the estate tax should be targeted to the wealthiest among us and not negatively impact family farmers or small businesses. A reasonable reform could put this issue to rest and allow people to plan for their estate without the complexities of current phase-ins and phase-outs. We urge you to consider viable reform options as an alternative to full repeal.

Permanent repeal of the estate tax would deprive the government of a much needed revenue source at a critical time for our country, drastically reduce charitable giving, and eliminate the most progressive element of our tax system. We strongly urge you to vote against H.R. 8.

Sincerely,



Gary D. Bass
Chairman

Steering Committee Members

- [Alliance for Children and Families](#)
- [Alliance for Justice](#)
- [American Arts Alliance](#)
- [American Association of University Women](#)
- [AFL-CIO](#)
- [American Federation of State, County and Municipal Employees \(AFSCME\)](#)
- [Americans for Democratic Action](#)
- [Association of Art Museum Directors](#)
- [Campaign for America's Future](#)
- [Center on Budget and Policy Priorities](#)
- [Child Welfare League of America](#)
- [Children's Defense Fund](#)
- [Citizens for Tax Justice](#)
- [Coalition on Human Needs](#)
- [Communications Workers of America \(CWA\)](#)
- [Evangelical Lutheran Church in America, Lutheran Office for Governmental Affairs](#)
- [Friends of the Earth](#)
- [Independent Sector](#)
- [Institute for America's Future](#)
- [Leadership Conference on Civil Rights](#)
- [League of Women Voters](#)
- [Minnesota Council of Nonprofits](#)
- [MoveOn.org](#)
- [National Committee to Preserve Social Security and Medicare](#)
- [National Committee for Responsive Philanthropy](#)
- [National Council of Nonprofit Associations](#)
- [National Priorities Project](#)
- [National Women's Law Center](#)
- [NETWORK, A National Catholic Social Justice Lobby](#)
- [OMB Watch](#)
- [Open Society Institute: DC Office](#)
- [People for the American Way](#)
- [Religious Action Center of Reform Judaism](#)
- [Responsible Wealth](#)
- [Taxpayers for Common Sense](#)
- [United Church of Christ Justice and Witness Ministries](#)
- [United for a Fair Economy](#)
- [US Action](#)