



Leadership Council of Aging Organizations

William (Larry) Minnix, Jr., Chair

June 27, 2006

Via Fax

Dear Senator:

The undersigned members of the Leadership Council of Aging Organizations (LCAO) are writing to express our opposition to H.R. 5638, the Permanent Estate Tax Relief Act.

This bill would drastically reduce federal revenues that are needed to meet critical challenges and curb record deficits. According to the Joint Committee on Taxation's estimate, H.R. 5638 would cost \$280 billion over the next 10 years, and \$602 billion between 2012 and 2021 – the first ten-year period in which its costs can be fully measured (\$762 billion if the costs of the additional interest payments on the debt are included). With the Office of Management and Budget estimating this year's federal budget deficit at \$423 billion and forecasting continuing and substantial deficits for at least the next five years, now is not the time to enact a huge revenue loss.

Currently, only estates larger than \$1.5 million for an individual (\$3 million for a couple) are subject to the estate tax; only about one percent of estates pay any estate tax at all. The estate tax gets all its revenues from the wealthiest 1.4 percent of Americans, and two-thirds of it from the top 0.2 percent. The drastic reduction of the estate tax contained in H.R. 5638 would result in even higher budget deficits along with higher taxes on middle class and working Americans to make up for the revenue loss.

These revenue shortfalls would come just as the baby boom generation begins to retire and Social Security, Medicare, Medicaid and other senior programs come under increasing financial pressure. We need to plan responsibly for the retirement of the baby boom generation, not put ourselves in a deeper hole that will make fulfilling our obligations even more difficult.

Contrary to claims that the estate tax hurts family farmers, the American Farm Bureau Federation acknowledges that it cannot cite a single example of a farm having to be sold to pay estate taxes. Of the less than one in twenty farmers that leave a taxable estate, the average tax payment is only \$5,000.

At a time when our nation is struggling to curb the growth of record-high deficits, the last thing we need is yet another tax cut for the richest one percent of Americans. No argument has been made that cutting the estate tax will stimulate economic growth or result in any other benefit to the vast majority of Americans. We urge you to vote for fiscal discipline, fairness and compassion, and to vote against irresponsible estate tax reduction that would further increase an already high and growing debt burden on current and future generations of Americans.

Sincerely,

*AFL-CIO
AFSCME Retiree Program
Alliance for Retired Americans
American Federation of Teachers Program on Retirement and Retirees
American Association for International Aging
Families USA
Gray Panthers
International Union, United Auto Workers*

National Association for Hispanic Elderly
National Association of Nutrition and Aging Services Programs
National Association of Professional Geriatric Care Managers
National Association of Social Workers
National Citizens' Coalition for Nursing Home Reform
National Committee to Preserve Social Security and Medicare
National Council on Aging
National Association of Retired Senior Volunteer Program Directors
National Associations of Senior Companion Program Directors
National Academy of Elder Law Attorneys
National Caucus and Center on Black Aged
National Indian Council on Aging
National Senior Citizen's Law Center
OWL, the voice of midlife and Older Women
Service Employees International Union