

**Clean Water Action \* Defenders of Wildlife  
Energy and Environment Study Institute \* Friends of the Earth  
Natural Resources Defense Council \* Redefining Progress  
U.S. Public Interest Research Group \* The Wilderness Society**

**Oppose the Repeal of the Estate Tax**

June 17, 2003

Dear Representative,

As the nations leading environmental and conservation organizations, we urge you to oppose H.R. 8, the "Death Tax Repeal Permanency Act of 2003." This legislation proposes to make the estate tax repeal contained in Public Law 107-16 permanent. We are concerned that repealing the Estate Tax may have unintended negative consequences for land conservation and may not appropriately address the real threats to family farms.

As conservationists interested in protecting open space, forests and farms, we are concerned that repealing the Estate Tax law would eliminate an important incentive to permanently protect land. The Internal Revenue Code currently allows a deduction from the estate tax for the voluntary donation of land to qualified organizations for permanent conservation. This tax code provision, IRC 2031(c), has helped to permanently protect millions of acres by providing an incentive for willing landowners to donate land for conservation purposes as they limit the estate tax liability for their heirs.

In 2001, recognizing the importance of the Estate Tax effect on land conservation, Congress eliminated the geographical limitation that limited estate donation to land within 25 miles of a metropolitan area, National Park or wilderness area; or within 10 miles of an Urban National Forest. Estimates indicate that without these restrictions land conservation donations should increase over \$100 million over 5 years and almost \$300 million in 10 years.

Very little is known about how a repeal of the Estate Tax will impact farm ownership, forest lands, or land conservation. To our knowledge, this issue has never been seriously investigated by the Joint Committee on Tax, the General Accounting Office, or the Treasury Department. From the limited evidence that exists, it appears that repealing the Estate Tax will not help most farmers or forestland owners.

Estate Tax repeal advocates cite anecdotal evidence of heirs subdividing farms and liquidating habitat to pay the Estate Tax. While this can be a problem in theory, there is little credible evidence that suggests this is a widespread dilemma. Neil Harl, an attorney and farm tax expert at Iowa State University, notes that, to his knowledge, no farm in Iowa has been sold because of estate taxes. Several provisions have been established in the estate tax to reduce unintended impacts on farmers. For example, heirs who meet certain conditions and continue farming agricultural estates are allowed to pay any incurred estate tax over 14 years. Another provision allows farmers to value their land based on its "use-value" as farmland rather than the potentially

higher market value that developers might be willing to pay. The National Farmers Union representing 300,000 farmers and ranchers has spoken out against outright repeal of the estate tax.

Numerous improvements can be made to the Estate Tax, both in terms of reducing any threat to small farmers or its threat to farmland and increasing incentives for land conservation, but a straight repeal of the Estate Tax will do neither. We urge you to oppose H.R. 8, and preserve this important incentive for land conservation.

Sincerely,

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