

# VOTE "NO" on the Gramm/Kyl Amendment to H.R. 8 to Eliminate the Estate Tax

Between now and the end of June, Senators Phil Gramm (R-TX) and Jon Kyl (R-AZ) will offer an amendment to permanently repeal the estate tax. Some form of an estate tax has been around throughout this country's history, with the current form introduced in 1916. Last year, the tax was modified to gradually increase the amount of an estate that is exempt from taxation to \$3.5 million, and to lower the top marginal tax rate, between now and 2009. In 2010, the estate tax will be repealed for one year, before reverting to the law in place before last year's legislation.

**Here is why so many Iowa residents oppose the Gramm/Kyl amendment, and support permanent, responsible reform of the estate tax:**

- Permanent repeal of the estate tax will cost the federal government \$100 billion over the next decade, and \$850 billion over the next 20 years.
- In 2009, when the exemption increases to \$3.5 million per individual, estimates suggest that only 76 estates in Iowa will be subject to tax. This represents about one-quarter of one percent of all Iowa estates. *Do we really need to open a gigantic tax loophole for a handful of multi-millionaires, and shift more taxes on the rest of us?*
- These funds could contribute significantly towards the cost of providing a prescription drug benefit for the more than 554,573 Iowa citizens aged 60 and older, or shore up the Social Security system to ensure that funds are available to pay promised benefits. *Do we really need to provide a huge tax break for multi-millionaires which threatens our capacity to provide badly-needed health care benefits and retirement security to our senior citizens?*
- Iowa will receive an estimated \$2.62 billion in FY 2003 through federal formula grants, which fund such programs as Head Start and other human service programs, community development activities, and transportation projects. *Aren't these programs important enough for our communities that we don't put their future in jeopardy with ill-considered tax breaks for the select few who are both very wealthy and politically connected?*

## **Family Farms in Iowa**

- Among family farms in Iowa and surrounding states, average farm household net worth ranges from \$685,482 for small farms to \$1,380,919 for very large family farms, according to recent USDA data. The estate tax can be reformed to ensure that families can pass their farms from one generation to the next without being unfairly taxed.

## **Small Business in Iowa**

- According to a Federal Reserve study, the average net worth for small businesses in Iowa and surrounding states is \$874,377, while the median net worth was \$150,000. "Mom and Pop" small businesses in Iowa are being used as a Trojan horse to shield wealthy individuals who own large businesses from paying any tax on their assets. The estate tax can be reformed to ensure that families can pass their small business from one generation to the next without being unfairly taxed.

**Americans for a Fair Estate Tax**

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