

PRESS RELEASE

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Americans for a Fair Estate Tax Urges Senators to Co-Sponsor the Responsible Estate Tax Act

WASHINGTON, July 26, 2010—Americans for a Fair Estate Tax (AFET), a coalition of national and state organizations, sent a letter to the Senate today asking members to co-sponsor the Responsible Estate Tax Act, S. 3533. Over seventy organizations, including major labor, religious, social equity, and good government groups, are urging senators to support the bill. OMB Watch is a member of AFET and signed on to the letter.

Sens. Bernard Sanders (I-VT), Tom Harkin (D-IA), and Sheldon Whitehouse (D-RI) introduced the Responsible Estate Tax Act in order to bring back a strong, progressive federal estate tax that can help balance the budget and reduce the federal deficit.

The Bush tax cuts enacted in 2001 set in place the gradual reduction of estate tax rates; the estate tax was also slated for a temporary, one-year elimination, which occurred this year.

Permanent elimination of the estate tax would cost the nation more than \$800 billion between 2012 and 2021. OMB Watch Executive Director Gary D. Bass said, "Congress must permanently reinstate a strong estate tax to generate much needed revenue that could be used to save teacher jobs, to provide access to college, to finance critical health care research, to help struggling families, to repair the nation's infrastructure, and to reduce the budget deficit."

The Responsible Estate Tax Act achieves these goals by instituting an estate tax that exempts the first \$3.5 million of an individual's estate (\$7 million for couples) from federal taxation. This is the same exemption that existed in 2009 and that exempted 99.75 percent of all estates from any taxation that year.

The bill would also provide a progressive tax rate structure that requires those who have benefited the most from economic growth to pay more. Importantly, the legislation protects family farms by allowing family farmers to lower the value of their farmland by up to \$3 million for estate tax purposes and indexing this benefit to inflation.

While many AFET coalition members would prefer a lower exemption than the \$7 million for couples, OMB Watch recognizes the Responsible Estate Tax Act is a compromise, balanced to preserve revenue generation while reducing taxes on smaller estates and family farms.

Bass noted, "This bill is the most realistic way to balance the competing interests of raising revenue while keeping overall tax burdens low." Bass added that for those senators constantly haranguing about deficits, the Responsible Estate Tax Act would prevent the kind of deficit

Americans for a Fair Estate Tax

*A coalition fighting to preserve
a fair estate tax*

explosion that would occur if Congress accepted a bill that upped the exemption level and further lowered the tax rate.

Lee Farris, Estate Tax Policy Coordinator of United for a Fair Economy and AFET steering committee member, said, “Congress must restore a strong estate tax to ensure that the very wealthy pay their fair share, so that we can invest in education and other programs that help hard-working Americans build a more widely-shared prosperity.”

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Americans For a Fair Estate Tax is a coalition of nonprofit organizations and others from around the country, representing a wide cross-section of America, and includes civic, labor, social justice, faith-based, environmental, and human services groups. The coalition is dedicated to preserving the estate tax in some form as a valuable part of the progressive U.S. tax system.

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