



Representative Earl Pomeroy
1501 Longworth House Office Building
Washington, DC 20515

December 1, 2009

Dear Representative Pomeroy,

I am writing to offer OMB Watch's strong support for your legislation to permanently reform the estate tax (the Permanent Estate Tax Relief for Families, Farmers, and Small Businesses Act of 2009 - H.R. 4154). OMB Watch is a non-partisan research and advocacy organization that has worked for close to a decade to preserve the estate tax.

Without passage of an estate tax bill this year, current laws will eliminate the tax altogether but then bring it back to original levels in 2011. H.R. 4154 prevents expiration of the estate tax and provides American taxpayers with needed stability in these uncertain economic times by permanently continuing the current exemption level and rate of \$7 million for couples and a 45 percent tax rate. Your legislation would limit the estate tax to all but the most wealthy and fortunate Americans, exempting over 99.7 percent of all estates from paying the tax. The Tax Policy Center recently estimated that only 0.25 percent of the estates of people who die in 2011 will be subject to the estate tax if the 2009 estate tax rules are extended.

As you surely know, even this policy would be very expensive for the federal government to shoulder at a time of shrinking federal revenues and drastically increasing need in our communities. The Joint Committee on Taxation has estimated this policy will cost \$256.2 billion over the next ten years. This cost increases dramatically to \$485 billion over the first ten years the changes would be fully felt (2012 – 2021), according to the Center on Budget and Policy Priorities. Neither of these cost estimates includes the tens of billions of additional revenue required for interest payments that are necessary to support these deficit-financed changes.

We are happy you have continued to provide strong leadership on this issue in the House to lock in estate tax rates and exemption at the already generous 2009 levels. It is clear that a further reduction in the estate tax would deprive the nation of hundreds of billions of dollars in the coming years, funds needed for long-overdue investments in health care, education, clean energy, and other public services. These resources are a vital part of the government's efforts to support millions of Americans around the country who are living paycheck to paycheck and struggling to make ends meet during the economic downturn. Now is certainly not the time to cut taxes again for the wealthiest individuals in the country.

Sincerely,

Gary D. Bass
Executive Director

Celebrating 25 Years of Promoting Government Accountability and Citizen Participation — 1983 - 2008

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