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## Americans for a Fair Estate Tax

*A coalition fighting to preserve  
a fair estate tax*

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July 26, 2010

Dear Senator:

We are writing to ask you to co-sponsor The Responsible Estate Tax Act, S. 3533, which was recently introduced by Sens. Bernard Sanders (I-VT), Tom Harkin (D-IA) and Sheldon Whitehouse (D-RI). This bill preserves the estate tax, fairly raising much-needed revenue, while protecting small businesses and family farms.

Americans for a Fair Estate Tax welcomes this legislation. As a coalition of national and state organizations, we have worked for nearly ten years to achieve legislation which will allow us to invest in education, health, nutrition, and other priorities, without creating deficits which can never be overcome. The need to equitably collect more revenues has never been greater, and the Responsible Estate Tax Act would be extremely helpful in this regard.

As you are likely aware, the Bush tax cuts enacted in 2001 set in place the gradual reduction and then a temporary one-year elimination of the federal estate tax for 2010. Unfortunately, we have already seen the effects of the repeal of the estate tax. In March, an oil and gas businessman in Texas became the first billionaire in United States history to pass along his entire estate – worth some \$9 billion – without paying any federal estate tax. Congress must permanently reinstate the estate tax in a way that ensures the wealthiest among us maintain their obligation to support the government that enabled their prosperity. Moreover, the lack of action by Congress has meant that families are unable to properly plan for their family's financial security.

Revenue from a robust estate tax 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, or to reduce the continuing deficit. These investments can mitigate the suffering from the current economic crisis and put us on a path for long-term growth and shared prosperity.

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. The taxable value of an estate above \$3.5 million but less than \$10 million would be taxed at 45 percent, which is the same rate as 2009. An estate between \$10 million and \$50 million would be taxed at 50 percent, and an estate above \$50 million would be taxed at 55 percent. Studies have shown that even with a top rate of 55 percent, the effective rate paid by estates is less than 20 percent. Additionally, there would be a surtax of 10 percent on taxable estates worth more than \$500 million (\$1 billion for couples). This progressive rate structure is a welcomed aspect of the proposed legislation, as it will bring in much needed revenue.

Importantly, the Responsible Estate Tax Act protects family farms and small businesses 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. Current law only allows a reduction of \$1 million. Moreover, farmers and landowners will benefit from more amenable conservation easement relief, which will allow up to 60 percent of the value of land subject to a conservation easement to be excluded, up to a maximum of \$2 million. This approach is far more targeted than other legislative proposals and will create less of an incentive to use farmland as a tax shelter.

Many of our coalition members would prefer a lower exemption than the \$7 million for couples. However, we recognize this bill is a compromise, balanced to preserve revenue generation while reducing taxes on smaller estates and family farms. We believe this bill fairly captures an approach to taxing wealth that might otherwise escape taxation entirely, preserves a system that ensures that the very wealthy pay their fair share, and maintains a structure that encourages charitable giving. For these reasons, we strongly encourage you to co-sponsor the Responsible Estate Tax Act and to vote for it.

Sincerely,

9to5, National Association of Working Women  
AFL-CIO  
AFSCME  
American Association of University Women  
American Federation of Teachers  
Americans for Democratic Action  
Arizona Advocacy Network  
Campaign for America's Future  
Center for Law and Social Policy (CLASP)  
Center for Medicare Advocacy, Inc.  
Chicago Political Economy Group  
Citizen Action of New York  
Citizen Action of Wisconsin  
Citizen Action/Illinois  
Citizens for Tax Justice  
Coalition on Human Needs  
Colorado Progressive Coalition  
Communications Workers of America  
Community Action Partnership  
Connecticut Citizen Action Group  
Corporation for Enterprise Development  
Demos  
Florida Citizen Action Network  
Friends Committee on National Legislation  
Georgia Rural Urban Summit  
Gray Panthers  
Growth & Justice  
Independent Sector  
Institute for Policy Studies' Program on Inequality and the Common Good  
Interfaith Worker Justice  
Iowa Citizen Action Network  
Kentuckians for the Commonwealth  
Maine People's Alliance  
Michigan Citizen Action  
Missouri Progressive Vote Coalition  
National Advocacy Center of the Sisters of the Good Shepherd  
National Center for Lesbian Rights  
National Committee for Responsive Philanthropy  
National Community Tax Coalition  
National Council on Aging  
National Education Association  
National Employment Law Project  
National Women's Law Center  
NDPeople.org  
NETWORK: A National Catholic Social Justice Lobby  
New Hampshire Citizens Alliance for Action  
New Jersey Citizen Action  
New Mexico Voices for Children  
Ocean State Action  
OMB Watch  
Oregon Action  
PennAction  
Progressive Maryland

ProgressOhio  
Responsible Wealth  
RESULTS  
Sargent Shriver National Center on Poverty Law  
SEIU  
Tax Fairness Oregon  
Tax Justice Network USA  
Tennessee Citizen Action  
United Action for Idaho  
United Church of Christ, Justice and Witness Ministries  
United for a Fair Economy  
USAction  
Virginia Organizing Project  
Voices for Progress  
Washington CAN!  
Wealth for the Common Good  
West Virginia Citizen Action Group  
Wider Opportunities for Women  
YWCA USA