Congress of the United States

Washington, DC 20515

Promote Economic Growth: Support Permanent Death Tax Repeal

Dear Colleague:

One of the most important responsibilities we will shoulder next year will be to steward the economy back to robust economic health. There is a host of ways that we can help restore vigor to our economy, such as curtail unnecessary federal spending and pass laws that promote greater investment. Another way we can bolster economic growth is by providing certainty through permanent tax relief. As you are undoubtedly aware, due to Senate rules the comprehensive tax package passed by the 107th Congress in 2001 is set to expire in 2011.

We are particularly concerned with the resurrection of the death tax in 2011. Passage of death tax repeal in 2001 was a tremendous victory for America's family owned businesses and farms, but our accomplishment was bittersweet. Without permanency, family businesses and farms will be left in taxpayer purgatory, uncertain whether the death tax will remain dead or whether it will rise from the grave and continue to haunt them. Businesses need predictability in order to plan for the future. The sunset provision leaves all estate planning in doubt for the next decade.

We believe one way we can enhance economic growth is by making the death tax repeal permanent. By stripping the sunset language from The Economic Growth and Tax Relief Act, we will accomplish two interlocking goals. First, we will give businesses and farms the assurance that they require when they formulate financial plans. Second, we will free up money to be spent on growing a business. The business owners and farmers that we have spoken with have told us that the current sunset provision compromises the benefits of repeal since they have to assume that the estate tax will return in 2011. They spend thousands of dollars a year on costly insurance plans and estate planning. This is scarce money that should be put to more productive uses. A small business owner, for example, could use it to hire more workers or provide better benefits. A farmer or rancher could use the money to weather an economic downturn or buy more equipment.

We maintain that repeal will result in a positive ripple throughout the economy. In fact, the dynamic effect of death tax repeal has been established by several independent studies. According to economist Allen Sinai, a full repeal of the death tax could lead to 165,000 new jobs and over $150 billion increase in GDP. Other studies claim that permanent repeal will raise disposable income by $10 billion and increase non-residential investment by $25 billion. As we move slowly toward full economic recovery, our country needs two things: more jobs and greater access to investment capital. The residual benefits of freeing up a vast reservoir of capital by repealing the death tax are unassailable.

We plan on keeping a clear focus on this important issue in the upcoming legislative session and we hope that you will join us in our efforts to stimulate economic growth and fulfill our promise to American family businesses and farms. No family should have their lifetime of hard work jeopardized due to a revival of a tax that prevents them from protecting their legacy. If you would like to be an original co-sponsor of our bill to make death tax repeal permanent, please contact Doug Lathrop in Jennifer Dunn's office at 5-7761 or Tom Koshut in Bud Cramer's office at 5-4801.

Best Regards,

Jennifer Dunn
Member of Congress

Bud Cramer
Member of Congress

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