



June 21st, 2021

Dear Members of Congress:

I write in support of S. 1627 and H.R. 3178, the *Estate Tax Reduction Act*, a bill to reduce to Death Tax rate from 40 percent to 20 percent. The Death Tax is fundamentally unfair, hurts job creation and economic growth, and is devastating to family-owned businesses and farms across the country.

This tax should be repealed. But failing that, the tax should be incrementally reduced toward the goal of repeal. Lawmakers in the House and Senate have introduced S. 1627/H.R. 3178, legislation that would do just that. This bipartisan proposal, the “Estate Tax Rate Reduction Act,” reduces the Death Tax rate from 40 percent to 20 percent. It has been introduced in the House by Representatives Jodey Arrington (R-Texas) and Henry Cuellar (D-Texas) and by Senators Tom Cotton (R-Ark.), John Boozman (R-Ark.), and Joni Ernst (R-Iowa) in the Senate.

ATR urges lawmakers to support and co-sponsor these bills.

The Death Tax is fundamentally unfair and its bad tax policy. It is levied on assets that have been taxed previously through income taxes, capital gains taxes, and the corporate income tax.

It [disproportionately](#) impacts family-owned businesses like farmers and ranchers especially that tend to be asset rich but cash poor. On the other hand, the wealthy often evade the tax. While the mega-wealthy and family farms technically face the same death tax, small business owners cannot afford to hire a small army of lawyers and accountants to exempt large portions of their estates from the tax. As always, complex laws are rife with loopholes that the rich can exploit at the expense of the less fortunate.

Many countries recognize that a high Death Tax is bad tax policy. Currently, the United States has the [4th highest estate and inheritance tax](#) among developed countries, just behind France.

Reducing the Death Tax would stimulate job creation and grow the economy. Numerous studies have analyzed the impact of repealing the Death Tax. While this bill wouldn’t repeal the tax, these studies inevitably provide insight regarding what would happen if we moved toward a full repeal.

For instance, a 2017 [study](#) by the Tax Foundation found that the US could create over 150,000 jobs by rolling back the estate tax.

Similarly, a 2012 study by the Joint Economic Committee found that the death tax has destroyed over [\\$1.1 trillion](#) of capital in the US economy, which results in fewer jobs and lower wages. Much of this economic damage hits small businesses, which are the core of America’s economy and have been disproportionately harmed by the Coronavirus pandemic. The economic growth created by repealing the Death Tax would produce \$221 billion in federal revenue because of increased wages and more jobs.

Family-owned businesses across the country employ [59 percent](#) of the workforce. Family-owned businesses also generate [54 percent](#) of the U.S. GDP. This legislation would allow these businesses to employ even more workers and continue to be significant contributors to America’s economic growth.

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The Death Tax is extremely unpopular. Numerous studies have found that majority of Americans oppose the Death Tax and support its repeal. For instance, a report by NPR found that [76 percent](#) of Americans support full, permanent repeal of the Death Tax.

Cutting the Death Tax in half would spur economic growth, create jobs, and increase wages. It would mitigate the negative impacts of the tax's double taxation and help family-owned businesses across the country.

If lawmakers are serious about spurring job and economic growth and protecting family-owned businesses, they should support S. 1627 and H.R. 3178, the *Estate Tax Reduction Act*.

Onward,



Grover G. Norquist
President, Americans for Tax Reform