



# ESTATE TAX FACTS

## DESTROYING JOBS, KILLING THE AMERICAN DREAM

### The Estate Tax Destroys Jobs

- Economist Dr. Douglas Holtz Eakin found that the Estate Tax lowers overall employment in America by 1.5 million jobs.<sup>i</sup>
- The estate tax destroys jobs by targeting America's main economic engine – small (and often family-owned) businesses. Small businesses have been responsible for 60 to 80 percent of all net new jobs in the last decade.<sup>ii</sup>
- The Joint Economic Committee found that the Estate Tax has destroyed roughly \$847 billion in capital stock in the economy.<sup>iii</sup> Lost capital means fewer jobs and lower wages.
- Ending the Estate Tax would add \$119 billion to GDP and boost workers' income by \$79 billion.<sup>iv</sup>

### The Estate Tax is a Poor Revenue Producer

- The economic distortion the estate tax causes with respect to other tax collection methods results in a net revenue decrease for the federal government. Congress could raise nearly *twice* the current revenue – an increase of 23.3 billion – by repealing the Estate Tax.<sup>v</sup>
- Alicia Munnell, a member of President Clinton's Council on Economic Advisors, found that the Death Tax imposes compliance costs (tax planning, collection, etc) in *excess* of \$26 billion. This compliance cost exceeds the Estate Tax's revenue yield.<sup>vi</sup>

### The Estate Tax is Unpopular Everywhere – Except with the Life-Insurance Lobby

- The death tax is consistently ranked as the least fair and most unpopular tax in America. Nearly  $\frac{3}{4}$  of Americans believe the estate tax should be repealed.<sup>vii</sup>
- Only 25 nations impose an Estate Tax, and of those that do, America's Estate Tax is the third-highest. Russia, China, Canada, Mexico and Sweden are among the many nations which impose no Estate Tax.<sup>viii</sup>
- The life-insurance industry is the main lobby in favor of keeping the estate tax. Life-insurance policies specifically designed for Estate Tax liabilities provide at least \$12 billion in premiums annually for the life-insurance industry.<sup>ix</sup>

*Citations provided on reverse side.*

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## **Sources for Death Tax Facts:**

<sup>i</sup> Douglas Holtz-Eakin and Cameron T. Smith, "Changing Views of the Estate Tax: Implications for Legislative Options," *American Family Business Foundation*, April 2009.

<sup>ii</sup> "Frequently Asked Questions," Small Business Association Office of Advocacy, <http://www.sba.gov/advo/stats/sbfaq.pdf>.

<sup>iii</sup> "Cost and Consequences of the Federal Estate Tax," *Joint Economic Committee*, May 2006.

<sup>iv</sup> Entin, Stephen "Economic Impact of the Estate Tax: Effects of Various Possible Reform Options," (Washington, D.C: American Family Business Foundation, 2009), 3.

<sup>v</sup> Entin, Stephen "Economic Impact of the Estate Tax: Effects of Various Possible Reform Options," (Washington, D.C: American Family Business Foundation, 2009), 4.

<sup>vi</sup> Alicia H. Munnell, "Wealth Transfer Taxation: The Relative Role for Estate and Income Taxes," *New England Economic Review*, Federal Reserve Bank of Boston (November/December 1988): 19.

<sup>vii</sup> Matt Moon, "How Do Americans Feel about Taxes Today?" 166 (Tax Foundation. April 2009): 1.

<sup>viii</sup> American Council for Capital Formation, "New International Survey Shows U.S. Death Tax Rates Among Highest," *American Council for Capital Formation, Special Report*, Washington, D.C., August 2007 accessed at [http://www.nodeathtax.org/app/webroot/files/ACCF\\_intl\\_rate\\_survey.pdf](http://www.nodeathtax.org/app/webroot/files/ACCF_intl_rate_survey.pdf).

<sup>ix</sup> Michael Forsythe, "Insurers' Opposition, Deficit Politics Threaten Estate Tax Cut," *Bloomberg*, March 14, 2005.

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