

Estate tax penalizes those with most to lose

s far back as I can remember I've had a knack for entrepreneurship. What I don't understand is why both the federal and state government want to stifle it.

When I started Hydra-Power Systems to design, manufacture and supply hydraulic systems to the forest industry, I was married with three children, heavily in debt, had huge medical expenses and was ridiculed by my competitors for promoting innovative hydraulic solutions.

We had many ups and downs throughout the years. The recession of the 80's resulted in layoffs; employment dropped from 27 to nine. Entrepreneurs are not quitters, so we dug in and sought new markets, successfully adding marine and hydroelectric industry accounts to our existing customer base.

We continued to grow slowly until the 1991 recession hit and our largest customer went out of business. Again we were forced to downsize and regroup.

Our tenacity paid off. Today our corporation, headquartered in Portland, employs nearly 100 employees in several states and services customers across the country.

After all this hard work the unfortunate reality is that our business could die when I do, thanks to the government.

Oregon is one of 22 states that levies a "state estate tax" on top of the "Federal Estate Tax." When business owners such as myself die, their families can be forced to pay up to 45 percent estate taxes on all of my business and personal assets combined.

No matter what the politicians believe, most small businesses like mine don't have large cash reserves to pay such a bill. Our assets are not sitting in the bank. They are tied up in machinery, equipment, inventory and payroll.

My story isn't unique. Across America estate taxes take billions in working capital from small businesses, cutting directly into their job-creating potential. According to a report by the American Family Business Foundation, repealing the federal estate tax would add 1.5 million small business jobs.

The Cascade Policy Institute, a Port-

land-based think tank, estimates that some 20,000 of those jobs would be right here in Oregon. Some of them, I'm sure, would be at HPS.

Oregon's state estate tax is no better, costing both jobs and revenues. A recent Connecticut Department of Revenue study, for example, found that states without an estate tax produced twice as many new jobs — and their economies grew nearly 50 percent more from 2004-2007 — than states with such taxes.

The estate tax also was found to be a major cause of out-migration, with those leaving Connecticut taking approximately \$7.5 million with them.

Want to see real economic recovery? Tell your representatives in Salem and Washington to repeal the estate tax and unshackle small business.

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GUEST OPINION

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