

## FACT CHECKING CONSERVATIVES' CLAIMS ABOUT THE ESTATE TAX

The federal estate tax is a levy on the intergenerational transfer of wealth. It provides an important check on the growing concentration of wealth in America, encourages charitable giving, and generates revenues from those most able to pay. Repealing this commonsense tax will exacerbate inequality in America. It will hand a huge tax cut to the nation's wealthiest heirs – \$3 million on average – as Republican leaders proceed with budget plans that will slash \$5 trillion in services and benefits over the next 10 years that mostly benefit working families.

The House Ways and Means Committee voted to repeal the estate tax in a 22-10 party line vote on March 18, 2015. Also in March, the U.S. Senate passed an amendment to the budget resolution that called for the repeal of the federal estate tax in a [54-46 vote](#) almost entirely along party lines.

Below are claims made by GOP lawmakers that have been used to support their estate tax repeal efforts, and the facts that show how false their claims are:

### 1. The Repeal of the Estate Tax is Not About the Wealthy.

*"[T]his tax doesn't just hit the big guy. It hits the little guy—like the small business and the family farm. It is both unwise and unfair, and it needs to go."* – **Rep. Paul Ryan (R-WI)**, [March 25, 2015 House Committee on Ways and Means hearing](#)

**FACT:** Estates worth less than \$5.4 million for an individual and nearly \$11 million for a married couple are exempt from paying any tax. That means [99.8% of estates would not be affected](#), according to the Joint Committee on Taxation (JCT). The wealthy heirs who benefit from repeal are slated to get a [\\$3 million tax cut](#), on average, in 2016, according to JCT data. The 318 estates worth at least \$50 million would receive tax windfalls averaging more than \$20 million each.

### 2. The Estate Tax is Killing Family Farms.

*"The Death Tax is still the number one reason family-owned farms and businesses in America aren't passed down to the next generation."* – **Lead estate tax repeal bill sponsor Rep. Kevin Brady (R-TX)**, [March 26, 2015 press conference](#)

**FACT:** No family farm has ever been lost as a result of the estate tax. [David Cay Johnston](#) won a Pulitzer Prize for exposing this fabrication in 2001 at a time when the estate tax was significantly more robust.

### 3. A Significant Portion of Farmers and Small Businesses Pay the Estate Tax.

*“If you...make the argument that only rich and wealthy people pay this tax, that is not true. It's not true for almost every farmer and rancher in this country, it's not true for every small business owner out there.” – Rep. Kristi Noem (R-SD), [March 25, 2015 House Committee on Ways and Means hearing \(starts at 4:00 mark\)](#)*

*“I am committed to repealing this unjust – and frankly, immoral – tax that hurts small businesses and family farms most.” – Rep. Kristi Noem (R-SD), [March 25, 2015 press release](#)*

**FACT:** Of the millions of small businesses and small family farms in America, [only 20 paid any estate tax in 2013](#), according to the Tax Policy Center. If large farms are included, the number is still only [120 estates \(Table 3\)](#), the average net worth of which is over \$20 million. Protections exist for farms and small businesses that do owe estate tax.

### 4. The Estate Tax Disproportionately Hurts People of Color.

*“The Death Tax is especially destructive to women and minority-owned small businesses in America who are building wealth often for the first time. ... A study by Boston College professors estimates the Death Tax could rob African-American households of up to a quarter-trillion dollars of wealth over the first half of this century.” – Lead estate tax repeal bill sponsor Rep. Kevin Brady (R-TX), [March 25, 2015 House Committee on Ways and Means hearing](#)*

**FACT:** A recent study by the [Pew Research Center](#) shows the net worth of white households is 13 times more than African-American households. The [2004 report from Boston College \(Table 5\)](#) that Rep. Brady cites shows that 0.00% of African-Americans have a household net worth above \$5 million; the current exemption for the federal estate tax is \$5.4 million for an individual and nearly \$11 million for married couples.

### 5. The Estate Tax is a Double Tax.

*“For too long the federal government has forced grieving families to pay a tax on their loved one's life savings that has been built from income already taxed when originally earned.” – Lead estate tax repeal bill sponsor Sen. John Thune (R-SD), [March 25, 2015 press release](#)*

**FACT:** On average, [55% of the value of estates worth more than \\$100 million](#) is made up of unrealized capital gains that have never faced income or capital gains tax, according to Federal Reserve Board data. For estates worth between \$5 million and \$10 million, the unrealized capital gains that have never been taxed are 32% of the estate's value. If the estate tax were repealed, those capital gains would face *no tax of any kind* whatsoever. The reason is that a giant loophole allows capital gains to escape taxation by exempting inherited assets from being subject to capital gains taxes. What's more, with no estate tax, heirs could never face tax on those gains either – over generations, wealthy families can arrange their affairs to avoid ever paying taxes on massive amounts of wealth.