

LEADERSHIP COUNCIL
of
AGING ORGANIZATIONS

Barbara B. Kennelly, Chair

July 14, 2005

Via Fax

Dear Senator:

The undersigned members of the Leadership Council of Aging Organizations (LCAO) are writing to express our opposition to proposals to repeal or reduce the estate tax, including proposed “compromises” that would still reduce revenues by an unacceptably large amount.

Repeal of the estate tax would drastically reduce federal revenues that are needed to meet critical challenges and curb record deficits. Permanently repealing the estate tax would cost about \$1 trillion over the first ten years of extension, 2012-2021. This includes \$745 billion in lost revenue and \$225 billion in increased interest payments on the debt. We would also object to so-called “compromise” proposals that would still cost over one-half the amount of full repeal.

Currently, only estates larger than \$1.5 million for an individual (\$3 million for a couple) are subject to the estate tax; only about one percent of estates pay any estate tax at all. The estate tax gets all its revenues from the wealthiest 1.4 percent of Americans, and two-thirds of it from the top 0.2 percent. The repeal or drastic reduction of the estate tax would result in even higher budget deficits along with higher taxes on middle class and working Americans to make up for the revenue loss.

These revenue shortfalls would come just as the baby boom generation begins to retire and Social Security, Medicare, Medicaid and other senior programs come under increasing financial pressure. We need to plan responsibly for the retirement of the baby boom generation, not put ourselves in a deeper hole that will make fulfilling our obligations even more difficult.

Repeal of the estate tax would also remove an important incentive for charitable giving. Recent studies estimate that U.S. charities could lose \$13 to 25 billion in donations per year or more if the estate tax is repealed.

Contrary to claims that the estate tax hurts family farmers, the American Farm Bureau Federation acknowledges that it cannot cite a single example of a farm having to be sold to pay estate taxes. Of the less than one in twenty farmers that leave a taxable estate, the average tax payment is only \$5,000.

At a time when our nation is struggling to curb the growth of record-high deficits and when we are debating \$10 billion in Medicaid cuts for the poorest, most frail Americans, the last thing we need is yet another tax cut for the richest 1 percent. We urge you to vote for fiscal discipline, fairness and compassion, and to vote against irresponsible estate tax reduction that would further increase an already high and growing debt burden on current and future generations of Americans.

Sincerely,

*AFL-CIO
AFSCME Retiree Program
Alliance for Retired Americans*

*American Association for International Aging
American Federation of Teachers Program on Retirement & Retirees
Asociacion Nacional Pro Personas Mayores
Association for Gerontology and Human Development in Historically Black Colleges and Universities
Association of Jewish Aging Services of North America
Families USA
The Gerontological Society of America
Gray Panthers
National Academy of Elder Law Attorneys
National Association of Nutrition and Aging services Programs
National Association of Professional Geriatric Care Managers
National Association of Retired and Senior Volunteer Program Directors, Inc.
National Association of Senior Companion Project Directors
National Association of Social Workers
National Caucus and Center on Black Aged, Inc
National Citizens' Coalition for Nursing Home Reform.
National Committee to Preserve Social Security and Medicare
National Council on the Aging
National Hispanic Council on Aging
National Indian Council on Aging, Inc.
National Senior Citizens Law Center
OWL, the voice of midlife and older women
Service Employees International Union*