Responsible Wealth

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Stronger Estate Tax Sought by Warren Buffett, George Soros, Pres. Jimmy Carter, Bill Gates, Sr., Robert Rubin, Abigail Disney, John Bogle, and other Prominent Wealthy Americans

Millionaires and Billionaires Call for Estate Tax Stronger than Pres. Obama's Proposal as Alternative to Deep and Damaging Budget Cuts

Boston, MA – According to a growing number of prominent billionaires, millionaires, and public figures, President Obama's estate tax proposal, based on 2009 law, is not strong enough. Warren Buffet, George Soros, President Jimmy Carter, Bill Gates, Sr., and many others have signed a list of notable wealthy individuals who are calling on Congress and the President to raise more of the revenue needed in the fiscal slope negotiations through a stronger estate tax—a tax most of the signers would ultimately pay.

The impressive list of supporters was unveiled today at a national press conference featuring Robert Rubin, former Treasury Secretary and Co-Chairman of Goldman Sachs; John Bogle, founder and former CEO of The Vanguard Group; Abigail Disney, granddaughter of Roy Disney and a filmmaker and philanthropist; and Richard Rockefeller, MD, heir to Standard Oil founder John D. Rockefeller.

“I think a substantial estate tax along the lines of this proposal — $4 million per couple exemption and a graduated rate starting at 45% — serves important economic and social purposes,” said Robert Rubin. “We need substantial revenue for deficit reduction, public investment and providing economic security. A substantial estate tax can provide some of that revenue with no meaningful adverse impacts."

Bill Gates, Sr., successful attorney and father of Microsoft Founder Bill Gates III, noted, “Those of us who have signed this statement to date — including my friend Warren Buffett — believe that a $4 million exemption per couple and a 45% rate, rising on the very largest fortunes, is perfectly reasonable, and should be put into law. Particularly in the face of the devastating cuts to social programs that are being proposed, it would be shameful to leave potential revenue on the table from those most able to pay.”

If allowed to fully revert to its pre-Bush level, the estate tax would raise a half a trillion dollars — $536 billion — over 10 years. Because Pres. Obama's proposal is based on the significantly weakened 2009 law instead of the pre-Bush level, it leaves $256 billion of that revenue on the table.

At the 2009 estate tax levels, 99.7% of estates would be fully exempt because of the $7 million per couple exemption. "It's an outrage to suggest anything weaker than 2009 law, which would only benefit the remaining 0.3%," stated Mike Lapham, project director of Responsible Wealth, which organized today's sign-on letter for a responsible estate tax. "What we should be talking about is how to make the estate tax stronger than 2009 law."

“I can afford to pay the estate tax, and I should.” Said Abigail Disney, “I think a $4 million exemption for my husband and me combined is entirely reasonable. We have the choice of taxing a small percentage of the wealthiest in this country, or we can cut programs that benefit everyone. I don’t have any interest in compounding my already significant advantages, and the advantages of my children, with a weak estate tax, especially on the backs of the middle class.”

While the group's Responsible Estate Tax proposal would not fully revert to the pre-Bush tax rates, it is significantly stronger than 2009 law. "If we can keep even half of the $256 billion Obama's plan gives up in revenue, that would be a huge win," stated Lapham. "At a time of extreme inequality and hardship for Main Street America, we should be asking more from those at the top, not less. The additional revenue generated from a responsible estate tax would reduce the deficit reduction pain that would otherwise fall on middle- and low-income households."

The group rejects claims made by opponents about the estate tax's impact on small businesses and farms. Only 40 small farms and businesses are expected to pay any estate tax in 2012 according to the Tax Policy Center, and those that would pay it will pay only 3.1% of the estate's value on average. And in most of those cases, they have enough liquid assets to easily pay the estate tax without having to touch the farm. Also, if they are cash-strapped, provisions in the law allow them to pay any tax liability over a 15-year period. Even in 2001, when there was only a $2 million per couple exemption, the Farm Bureau could not cite a single example of a farm being sold to pay the estate tax.

As the fiscal slope nears, Congress and the President will be working to find agreement on a package of tax increases and budget cuts that will help rein in the deficit over the next 10 years while continuing to make vital investments in our nation, its people and its infrastructure.

"We are making important choices now that will have implications for generations to come," added John Bogle. "We all have an obligation to form a more perfect union, to promote the general welfare, and establish justice for all, and by that I mean economic justice. I see a strong estate tax as doing all those things. I think this proposal is a reasonable compromise between where we are now and going all the way back to 2001 levels."

Bogle added, "I'm an entrepreneur who created a successful business, which by the way, I did not build alone. I recognize the role of government and society in helping make that possible. So I'm more than happy for my estate to pay my fair share of taxes on the wealth I've accumulated."

Richard Rockefeller spoke of the essential role of philanthropy in strengthening the fabric of society, and the role of a responsible estate tax structure in providing incentives for giving. He added, "If the world I leave behind is one of gated communities, growing inequality and misery among the have-nots, downward mobility for the middle class, a degraded environment and a rotting social and physical infrastructure — then their inheritance will be a shabby one — no matter how much money they get."

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Responsible Wealth, which organized the list of signers, is a project of the non-partisan, non-profit United for a Fair Economy. Responsible Wealth organizers plan to expand the list of signers in the weeks ahead, while mobilizing Americans at all income levels to contact their members of Congress in support of a stronger, more responsible estate tax. Additional information on the new campaign can be found at the sign-on page located athttp://www.faireconomy.org/signon. Additional information on Responsible Wealth, along with the statement and a list of signers, can be found at http://www.responsiblewealth.org.