



Please Support Sen. Sanders' "Responsible Estate Tax Act"

September 18, 2014

Dear Senator:

On behalf of Americans for Tax Fairness' [425 national and state organization members](#), we are writing to urge you to cosponsor the Responsible Estate Tax Act, sponsored by Senator Sanders. This important legislation restores the effectiveness of the estate tax to better ensure that the wealthiest Americans pay their fair share of taxes, and that the economy works for all of us, not just the wealthy few.

The estate tax was created for several reasons – to raise revenue from those with the greatest ability to pay, and to encourage charitable giving and put a brake on the concentration of wealth and power. Unfortunately, America is rapidly becoming divided between the extremely rich and everyone else. The [top 1% owns 37%](#) of the nation's total wealth; the [bottom 60% owns less than 2%](#) of it. Huge family fortunes are passed down from generation to generation, creating a new American aristocracy.

The estate tax is a small step to level the playing field and create shared prosperity for all Americans. And revenues generated by the estate tax – just [\\$8.5 billion in 2012](#), less than 1% of the estimated [\\$1.2 trillion](#) passed down to heirs that year – are desperately needed to help fund essential services enjoyed by all.

The Responsible Estate Tax Act is truly responsible legislation, and it is similar to improvements that President Obama proposed to return the estate tax to its 2009 parameters. Today, [the vast majority of deaths – 99.9%](#) – do not trigger federal estate taxes. Under the Sanders bill, as under the Obama proposal, [99.7% of Americans](#) would be shielded from federal estate taxes. This tax is paid by billionaires and millionaires. Like Obama's proposal, the Sanders bill would exempt estates below \$3.5 million (\$7 million for married couples) ensuring that the same number of estates would be affected under each proposal.

President Obama has proposed a top estate tax rate of 45%; under the Sanders bill the tax rate would be 40% on estates between \$3.5 million and \$10 million, 50% on estates between \$10 million and \$50 million, and 55% on estates over \$50 million. The Sanders bill also includes a 10% billionaire's surtax on our nation's nearly [400 billionaires who are worth a combined \\$2 trillion](#). While the top estate tax rate is 40% today, the [average tax rate paid is just 17%](#).

Despite wild assertions by conservatives to the contrary, only [20 small business and family farm estates](#) nationwide will owe any estate tax in 2013, according to the Tax Policy Center. The Sanders bill may affect a few additional estates, but the overall effect would be very small.

The Sanders bill makes one additional improvement – it would close a billionaire’s loophole known as the Grantor Retained Annuity Trust (GRAT), which allows estates of super-wealthy decedents to avoid the estate tax. These specialized trusts allow families like the Waltons and Sheldon Adelson to pay little if any estate and gift taxes on estates worth billions of dollars. This loophole may have cost the U.S. Treasury [\\$100 billion since 2000](#).

The current estate tax is projected to raise about [\\$225 billion](#) over 10 years. President Obama’s reforms would raise an additional [\\$131 billion](#) over 10 years. While there is no revenue estimate for the Sanders bill yet, the proposal is expected to raise even more revenue than President Obama’s reforms.

This additional revenue is a drop in the bucket for the richest Americans, but it would have a big impact on the country. For example, the 10-year shortfall in the [highway and mass transit trust funds is \\$164 billion](#). The cost of President Obama’s proposal to provide all low- and moderate-income 4-year-olds with high-quality, publicly-funded preschool is [\\$75 billion over 10 years](#).

People achieve significant wealth by various means – through birth, inheritance, hard work, brilliant ideas and good luck. But their success often depends on the benefits derived from public investments in infrastructure, education, research, and a legal system to protect property rights. No one is guaranteed success in America, but everyone deserves a fair shot to succeed. The promise of America should be for everyone, not just for the wealthy. For all of these reasons, we strongly urge you to co-sponsor the Responsible Estate Tax Act.

Sincerely,

AFL-CIO
 Alliance for a Just Society
 Alliance for Retired Americans
 American Federation of Government Employees
 American Federation of Government Employees Retirees
 American Federation of State, County and Municipal Employees
 Americans for Democratic Action
 Americans for Tax Fairness
 Campaign for America’s Future
 Center for Effective Government
 Citizens for Tax Justice
 Coalition on Human Needs
 Community Action Partnership
 Democracy for America
 Institute for Policy Studies -- Program on Inequality

National Association for Hispanic Elderly
National Education Association
National Employment Law Project
National Low Income Housing Coalition
National People's Action
National Priorities Project
National Women's Law Center
Public Citizen
Responsible Wealth
Social Security Works
Tax Justice Network
The Main Street Alliance
UAW, International Union, United Automobile, Aerospace & Agricultural Implement Workers of
America
United for a Fair Economy
USAction
Wealth for the Common Good
Working America
Working Families Party