

80 NATIONAL ORGANIZATIONS URGE YOU TO SUPPORT REP. GOMEZ'S "FOR THE 99.8% ACT": ESTATE TAX REFORM

Sept. 23, 2019

Dear Representative:

The undersigned organizations urge you to cosponsor the [For The 99.8% Act](#), which Rep. Gomez, a member of the Ways and Means Committee, will soon introduce. The legislation would strengthen the federal estate tax and raise about \$300 billion to fund important services (or reduce the deficit) and provide a meaningful check on the growing and harmful concentration of wealth and rise in income inequality.

Our nation's wealth gap is severe. The richest 1% owns [40% of the nation's wealth](#). The country's [400 richest individuals](#) collectively own \$2.9 trillion, which is as much as the bottom two-thirds of Americans. And just three men alone—Jeff Bezos, Warren Buffett and Bill Gates—are worth as much as the whole bottom half of society.

The estate tax is an important tool to provide a check on this growing concentration of wealth and create an economy that works for all of us. However, the estate tax has been [severely weakened in recent decades](#). Just since 2009, the amount of fortunes exempt from the tax has risen from \$3.5 million for a single person (\$7 million per couple) to more than \$11.2 million (and \$22.4 million per couple)—the new exemption levels from the Tax Cuts and Jobs Act (TCJA). The rate charged on these taxable amounts has dropped from 45% to 40% during the same time.

The Gomez bill would reverse that troubling trend, restoring the already generous exemption amounts of \$3.5 million (\$7 million per couple). This would still exclude all but a few tenths of one percent of families from ever paying a nickel in estate taxes, according to the [Institute on Taxation and Economic Policy](#) and the [Tax Policy Center](#). The act recognizes the broad spectrum of wealth and would tax larger fortunes at higher rates. It would replace the current flat 40% rate with a progressive scale: the portion of estates worth between \$3.5 million and \$10 million would be taxed at 45%; between \$10 million and \$50 million at 50%; between \$50 million and \$1 billion at 55%; and over a billion dollars at 77%—the top estate tax rate [from 1941 to 1976](#).

These are marginal rates, or the percent paid on the portion within each bracket. The overall tax rate is a blending of the rates levied on each bracket (including zero on the amount under the exemption) and thus would be lower than the top marginal rate paid. For example, under the current flat rate of 40%, the [average effective estate tax rate in 2018 was just 16.5%](#) due to the exemption and aggressive tax avoidance strategies.

Perhaps most important, the Gomez bill also would close loopholes that currently allow wealthy families to reduce their estate tax liability or avoid the tax altogether. These include the abuse of "generation-skipping" trusts and grantor retained annuity trusts (GRATs), as well as lowball appraisals of valuable assets.

The public overwhelmingly favors raising taxes on the wealthy—typically by a [margin of 2 to 1](#). In a Morning Consult/Politico poll from February, 2019, the public favored lowering the estate tax exemption level from \$11 million to \$3.5 million [by 50% to 29%](#). They opposed eliminating the estate tax by 42% to 33%.

There is no official estimate of the revenue that would be raised by the For the 99.8% Act. But the Institute on Taxation and Economic Policy (ITEP) recently estimated a similar bill introduced in 2015 would [raise \\$336 billion over 10 years](#).

That revenue could pay for a lot of public services important to those of us not in line to inherit a fortune. That's roughly the [cost of a proposal in the House to make health coverage more affordable](#) under the Affordable Care Act by increasing premium tax credits for those already eligible while expanding eligibility to more families. Or it could [fully fund the \\$330 billion shortfall in the Title I education program](#) to ensure all high-poverty schools received the staffing and other aid to which they're entitled. It could fully fund [special education \(\\$197 billion\)](#) and [Head Start \(\\$140 billion\)](#) so that all eligible students were served. Or it could make a one-third down payment on a \$1 trillion infrastructure investment.

Arguments against the estate tax are easily disproved distractions intended to spare the very wealthy the inconvenience of parting with any portion of their immense fortunes.

The claim of “double taxation” is largely belied by the fact that big taxable estates consist mostly of [assets that have never been taxed](#). These are “unrealized” capital gains: the increase in value over the purchase price of assets not sold. Under current law, they escape taxation during the lifetime of the original owner and simply [disappear for tax purposes](#) once they are inherited. If not taxed by the estate tax, they would not be taxed at all.

The estate tax does not threaten small farms or businesses, despite relentless claims to the contrary. Virtually no family farms or small businesses are valuable enough to trigger the tax. The [average net worth of farm families was about \\$830,000](#) in 2015. [Only 20 small farm and business estates](#) nationwide were estimated to have owed any estate tax in 2017 under the pre-TCJA exemption levels. Nevertheless, the Gomez bill would add extra protections for family farms, allowing them to lower their assessed value on farmland by up to \$3 million, which will exempt even more farms from the tax.

The American ideals of self-reliance and equal opportunity are being undermined by a weak estate tax that facilitates the intergenerational transfers of great wealth, creating and sustaining powerful family dynasties that distort politics and policy, threatening our democracy. The Gomez bill would tighten this brake on American aristocracy, narrowing the wealth and income inequality gaps and raising much needed revenue for investments that benefit working families. We again urge you to cosponsor this important measure.

Sincerely,
List in formation

AFL-CIO
Alliance for Retired Americans
Amalgamated Transit Union (ATU)
American Family Voices
American Federation of Government Employees (AFGE)
American Federation of State, County and Municipal Employees
American Federation of Teachers
American Postal Workers Union (APWU)
Americans for Democratic Action (ADA)
Americans for Tax Fairness
Autistic Self Advocacy Network
Blue Future
Campaign for America's Future
Center for Law & Social Policy (CLASP)
Center for Popular Democracy
Children's Advocacy Institute
Coalition on Human Needs
Communications Workers of America (CWA)
Congregation of Our Lady of the Good Shepherd, US Provinces
CREDO
Daily Kos
Department of Professional Employees, AFL-CIO
EPI Policy Center
Faith Action Network
First Focus Campaign for Children
Franciscan Action Network
Friends Committee on National Legislation
Health Care for America Now
Indivisible
Institute for Policy Studies - Program on Inequality
Institute on Taxation and Economic Policy
International Association of Machinists and Aerospace Workers (IAM)
International Brotherhood of Teamsters (IBT)
International Federation of Professional and Technical Engineers (IFPTE)
In the Public Interest
Justice in Aging
Main Street Alliance
MomsRising
National Advocacy Center of the Sisters of the Good Shepherd
National Association of Letter Carriers (NALC)
National Center for Lesbian Rights
National Coalition for Asian Pacific American Community Development (National CAPACD)
National Coalition for the Homeless
National Committee for Responsive Philanthropy (NCRP)

National Council of Churches
National Domestic Workers Alliance
National Education Association
National Federation of Federal Employees (NFFE)
National Health Care for the Homeless Council
National Latino Farmers & Ranchers Trade Association
National LGBTQ Task Force Action Fund
National Organization for Women
National WIC Association
National Women's Health Network
National Women's Law Center
NETWORK Lobby for Catholic Social Justice
New Rules for Global Finance Coalition
Other98
Our Revolution
Patriotic Millionaires
People's Action
People Demanding Action
Public Citizen
Responsible Wealth
RESULTS
RootsAction.org
Service Employees International Union
Small Business Majority
Social Security Works
Tax Justice Network-USA
Tax March
The Arc of the United States
UnidosUS
United Automobile Workers (UAW)
United Church of Christ; Justice and Local Church Ministries
United for a Fair Economy
United Steelworkers (USW)
UNITE HERE
Voices for Progress
Working America