AMERICANS FOR TaxFairness

BILLIONAIRE NEPO BABIES

HOW THE NATION'S WEALTHIEST INHERITORS ARE SPENDING EXTREME FORTUNES THAT, IF TAXED FAIRLY, COULD BE BOOSTING ORDINARY FAMILIES

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AMERICANS FOR TaxFairness

AMERICANS FOR TAX FAIRNESS (ATF) is a diverse campaign of more than 420 national, state and local endorsing organizations united in support of a fair tax system that works for all Americans. It has come together based on the belief that the country needs comprehensive, progressive tax reform that results in greater revenue to meet our growing needs. This requires big corporations and the wealthy to pay their fair share of taxes, not to live by their own set of rules. ATF is a project of the New Venture Fund—a section 501(c)(3) non-profit organization.

INTRODUCTION

Descendants of some of America's richest families are spending millions of dollars on expensive toys, extravagant celebrations, and vanity businesses and careers. In a properly functioning tax system, a larger share of this money would be used to lower costs, improve public services, and expand opportunities for working families. The public needs to know how great wealth is being used by people who didn't earn it, in ways that might be funny if the consequences weren't so dire. It is equally as critical that the public be aware of potential reforms to the U.S. tax code that would put that money to better use. As the country prepares to face the "greatest wealth transfer in history," with trillions in undertaxed fortunes passing to heirs, change to the tax code is urgently needed.

This report profiles six such descendants, a group we have dubbed "Billionaire Nepo Babies": men and women, from both "new" and "old" money–the one important thing they have in common is access to incredible material plenty and enviable opportunities simply as a result of being born tremendously rich.

While much of the Billionaire Nepo Baby spending can be considered wasteful but otherwise relatively harmless, that cannot be said for efforts to shape politics through vast campaign contributions that undermine democracy. A recent report from Americans for Tax Fairness (ATF) determined that as of late October, just 150 billionaire families–including many Billionaire Nepo Babies–had spent $1.9 billion on the fall elections. The single biggest individual spender was Billionaire Nepo Baby Timothy Mellon, who donated over $172 million.

The current report explores how a rigged system allows the families of Billionaire Nepo Babies to become so extremely wealthy, keep growing more affluent, and pass that wealth down over generations without being properly taxed–often without being taxed at all. It details sensible and straightforward ways policymakers can close loopholes and end special breaks that enable massive tax avoidance. These changes would help unrig the U.S. tax code, ensure the ultra-wealthy pay their fair share, and raise critical resources to invest in working households.

This report does not suggest that Billionaire Nepo Babies are bad people. But they may be unlikely to realize that what for them is practically spare change–to be used on ever fancier cars, bigger parties, the latest pet project or to protect fortunes politically–could, if adequately taxed and publicly invested, transform the lives of their fellow Americans.

HE'LL SELL YOU THE SHIRT OFF HIS BACK– BUT IT DOESN'T MATTER IF YOU BUY IT

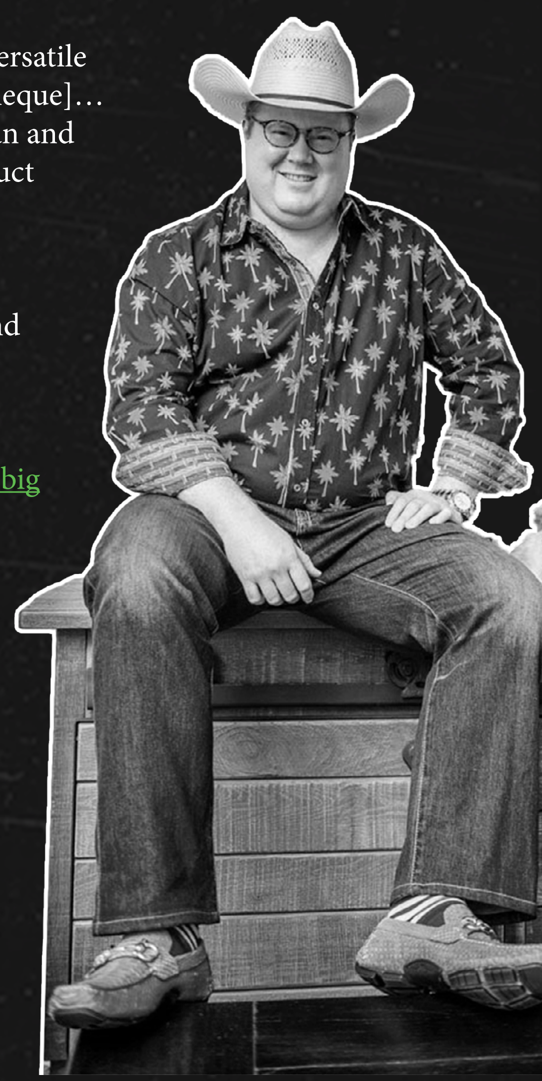
WYATT KOCH, OF THE KOCH FAMILY

Wyatt Koch is the nephew of the politically prominent Koch brothers, Charles and David. They're the conservative advocates who deployed their billion-dollar fortunes to create big parts of the right-wing intellectual and campaign infrastructure, including the Cato Institute and Americans for Prosperity.

Wyatt's father, Bill, and a fourth brother, Fred, are the less famous brothers. In a family power struggle worthy of the TV drama "Succession", Bill and Fred were bought out of Koch Industries in the early 1980s after they unsuccessfully tried to seize control of the family company from their two siblings. Though they later pursued a lengthy lawsuit claiming they'd been cheated, they each got hundreds of millions of dollars for their shares. Bill used the money to start his own energy company which has a record of lax mine safety in Colorado and refinery pollution impacting communities of color in Texas. Bill is now worth about $2 billion.

Wyatt is the oldest of Bill's five children. He first popped into public awareness in December 2017 when he sued his ex-fiancé to get his $180,000 engagement ring back. Reporters following up on that juicy tabloid fodder soon discovered Wyatt's business: a company designing and manufacturing colorfully decorated men's shirts. Reviews of Wyatt's shirts range from "out there" and "egregiously bold", to "terrible beyond your wildest imagination", "seizure-inducing", and "oh God, why?". One of the designs features yellow moneybags set among fluttering greenbacks, which one commentator surmised was "copied and pasted from Scrooge McDuck's inner monologue."

In a promotional video for his company, Wyatt says he wants his shirts to be versatile fashion, equally welcome in "the boardroom or a *discoteca* [Spanish for discotheque]… or on a yacht." Accompanying his words are images of him driving by the ocean and working on a crude drawing of a shirt, as well as shots of him in his own product demonstrating that hoped-for versatility by leading a meeting at his company, socializing in what might be a discoteca, and sipping champagne on a yacht.



When he's not designing shirts, Wyatt likes to play tennis ("at Mar-a-Lago") and paintball, race dune buggies and shoot skeet on his 450-acre Florida ranch.

December 2017 was coincidentally also when President Trump and Congress enacted a massive rehaul of the tax code. Wyatt's politically active uncles were big backers of the Trump tax law, which increased the public debt by almost $2 trillion and mostly benefited the rich. On the day Congress passed the law, commentator Chris Hayes offered a brief introduction to Wyatt, calling him "quite possibly the most perfect poster child for the Trump tax cut."

It doesn't affect Wyatt financially if no one buys his shirts, because his father is a billionaire and someday he will inherit hundreds of millions of dollars. Taxes are supposed to share some of the bounty experienced by fortunate children like Wyatt, but the current system does not effectively tax the hyper wealthy. That's why billionaires even richer than Wyatt's dad can sometimes go years without paying any federal income taxes at all.

If policymakers closed all the loopholes that allow the super wealthy to avoid estate and related wealth-transfer taxes, the American people would receive hundreds of millions of dollars at the time of Bill Koch's death–not just his lucky kids like Wyatt. If the Ultra-Millionaire Tax proposed by Sen. Elizabeth Warren (D-MA) and Reps. Pramila Jayapal (D-WA) and Brendan Boyle (D-PA) were enacted, Bill Koch would pay roughly $50 million a year on his $2 billion fortune. If the Biden-Harris administration's Billionaire Minimum Income Tax (BMIT) were in place, Wyatt's dad would similarly be required to pay a minimum of around $50 million a year in income taxes (assuming an annual 10% investment return).

All of these taxes would raise revenue needed to lower the costs working families pay for vital public services like healthcare, childcare, housing and education–and to increase their accessibility and quality. For instance, $50 million a year would be enough to employ more than 500 registered nurses, 750 high school teachers, or 1,500 childcare workers – or pay the annual rent on over 2,000 two-bedroom apartments.

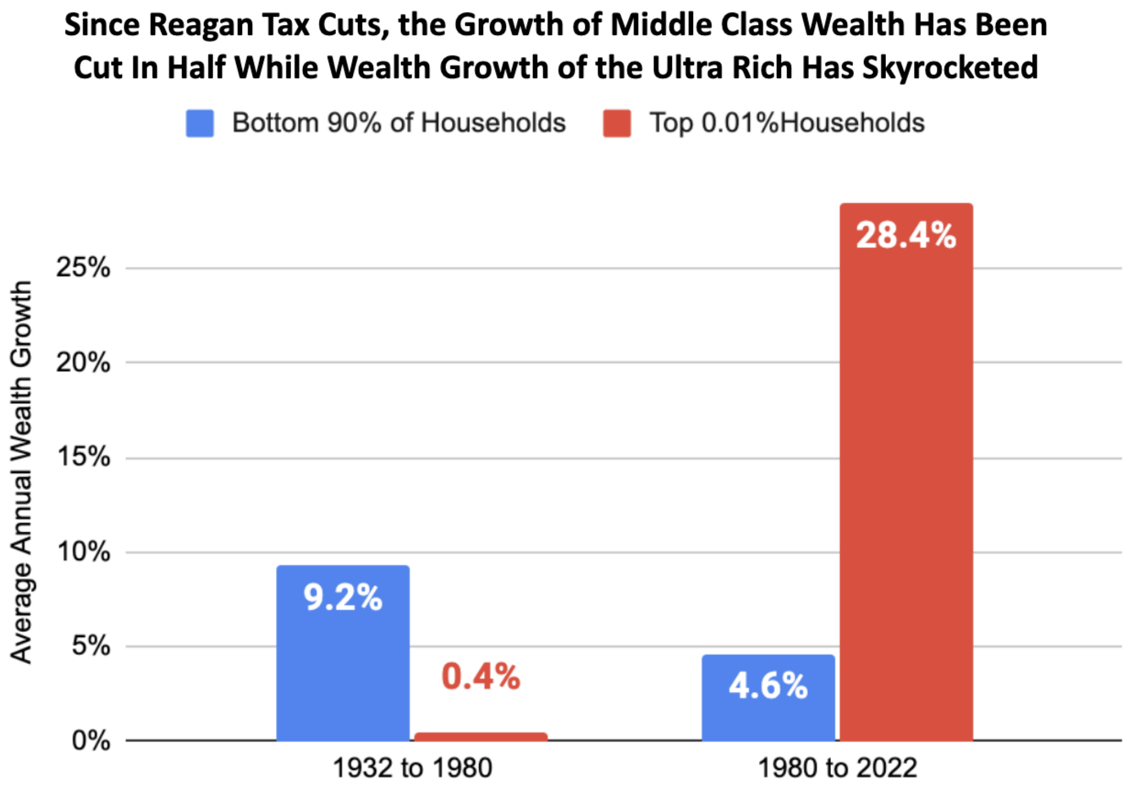
And it would still leave Bill Koch with plenty of money to fund his son Wyatt's pursuit of tennis, skeet shooting, dune-buggy racing–and his fashion career.

THE EXPLOSION OF BILLIONAIRE WEALTH AND NATIONAL INEQUALITY

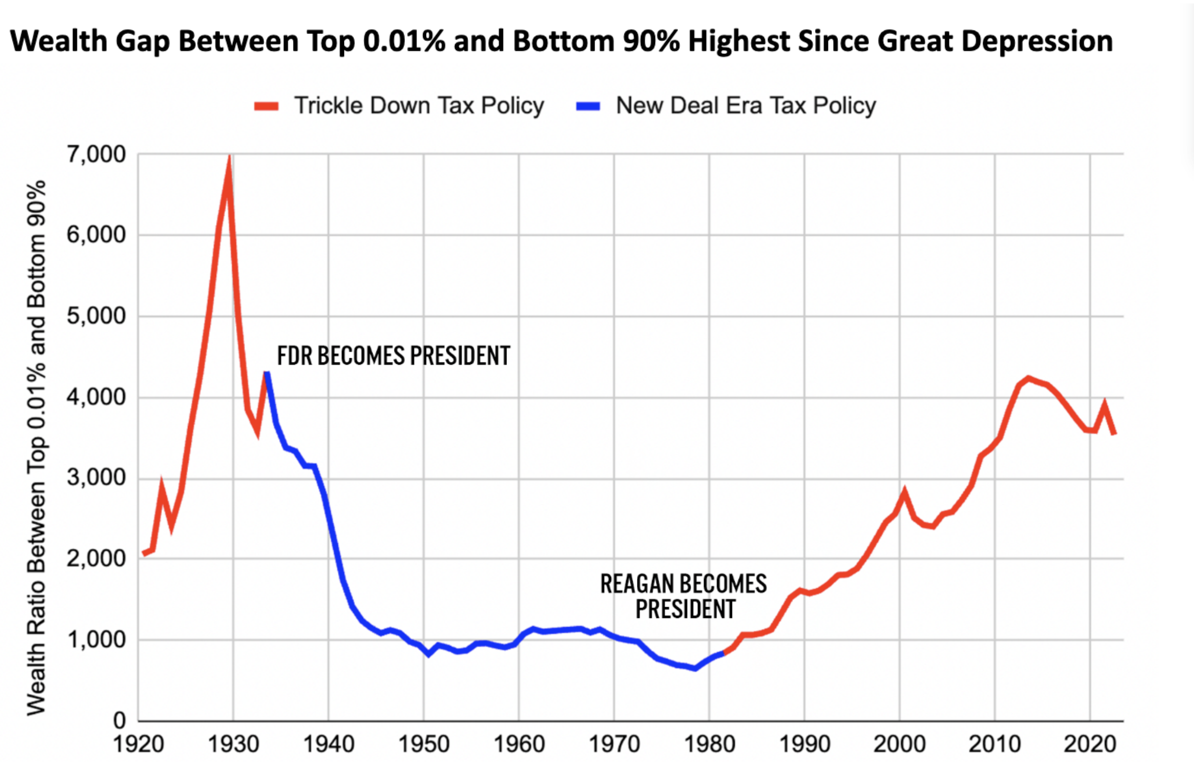
Thanks to progressive tax reforms of the 1930s and 1940s–which raised the top income-tax rate to 63% (on its way to an eventual 91% in the 1950s) and the estate-tax rate to 77%—wealth inequality reached historic lows in the middle of the last century.

The bottom 90 percent of families enjoyed an average 9.2% annual increase in their wealth between 1932 and 1980–the mid-century period of progressive tax policy. The wealth of the very rich increased not much at all each year–but since they were already wealthy, they could still live lives of comfort, if no longer Gilded Age opulence. But this economic consensus was shattered in the 1980s in large part due to a series of ill-advised tax cuts and bouts of financial deregulation that primarily benefited the wealthy, starting under President Reagan and in many respects continuing to this day.

From the end of the Second World War to right before the Reagan tax cuts, the richests 0.01 percent of households had about 950 times more wealth than the average household in the bottom 90 percent. Today that disparity stands at more than 3,500-to-1. The richest 0.01 percent now control over 10% of national wealth—**$13.8 trillion**—quadruple the share they held in 1980 (when it was 2.5%), and the highest share since the Great Depression.



Source: Americans for Tax Fairness (real dollars)



Source: Americans for Tax Fairness

NEWS FLASH:
MEDIA-DYNASTY HEIR SPEEDS THROUGH FAMILY MONEY

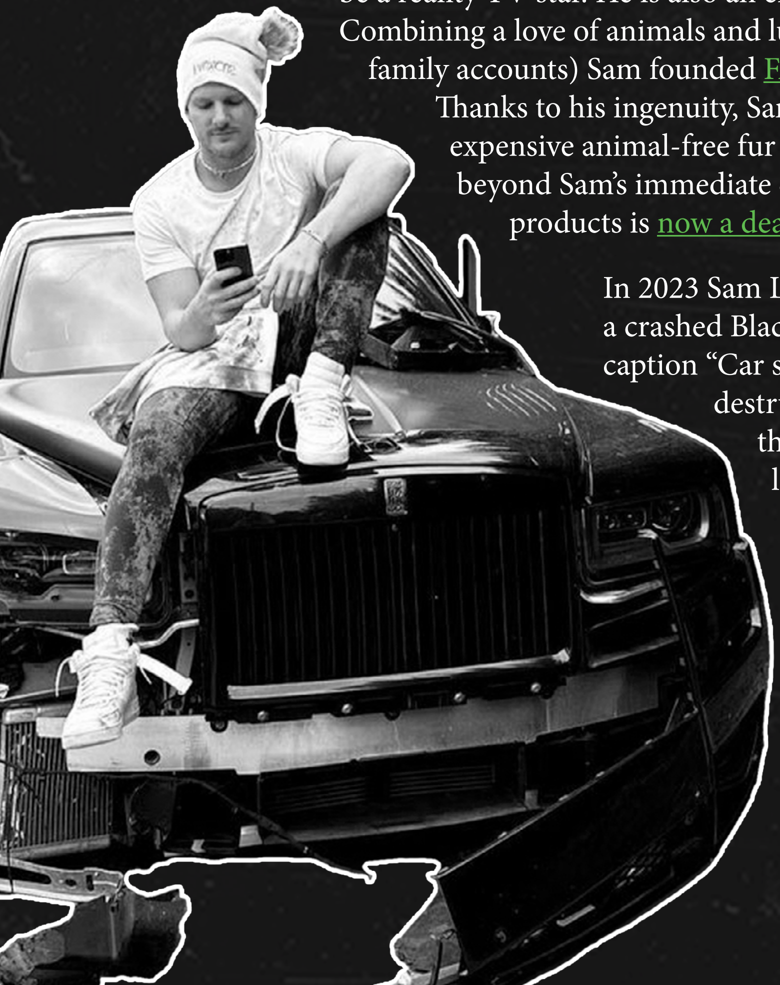
SAMUEL LOGAN, OF THE SCRIPPS FAMILY

You don't get much more "old money" than Samuel Logan, the great-great grandson of 19th century media mogul Edward Willis Scripps. While E.W. Scripps is long gone, his influence lives on in a fortune estimated at $8.4 billion, making his descendants one of the wealthiest families in the United States. Though their illustrious benefactor was actually an early advocate for the estate tax, a large portion of the family's wealth now rests in an elaborate series of more than 125 trusts in order to evade taxation and keep their wealth growing for future generations of Scripps.

And what a life that family wealth can fund! While most people his age were working in 9-to-5 jobs, Sam Logan spent his late 20s starring in the MTV reality show "Siesta Key" (think "Jersey Shore" if all the characters were worth over $100 million). And as most of his peers are struggling to purchase a first home, Sam Logan was able to sell his first home for $6.85 million (in bitcoin) and upgrade to a $13.5 million quarter-acre Miami Beach mansion.

In 2018 the Scripps family sold the Scripps Networks Interactive–which owned cable TV channels including HGTV, Food Network, and the Travel Channel–for a whopping $14.6 billion in cash and stock. Through their mother, Sam and his brother Max (famed for posting images on social media of his bundles of cash and expensive watches) reportedly each owned 10% of the Scripps property, meaning they are likely both currently billionaires; have billions stashed for them in trusts; or will eventually inherit billions from their mother.

But it appears Sam Logan has not been content to just coast on his family fortune, fly around in private jets, and be a reality TV star. He is also an entrepreneur just like his great-great grandfather. Combining a love of animals and luxury products (and potentially cash withdrawals from the family accounts) Sam founded FAUXCUS, a high-end vegan ethical outerwear brand. Thanks to his ingenuity, Sam and his fellow trust fund babies could look their best in expensive animal-free fur coats. But apparently there was not a sufficient market beyond Sam's immediate circle of wealthy friends: the website once selling his products is now a dead link.

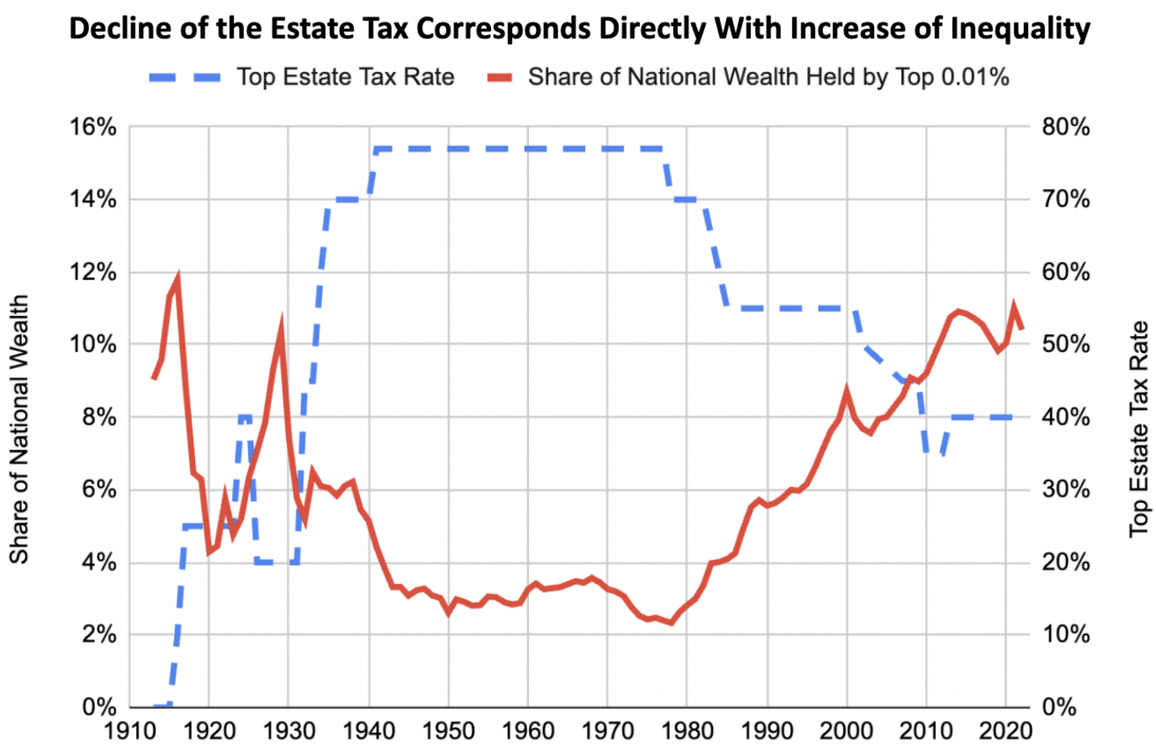


In 2023 Sam Logan posted a photo of himself on what appears to be a crashed Black Rolls Royce Wraith (starting price $343,000) with the caption "Car shopping. Anyone want rolls?" For most people the destruction of an asset that expensive, worth only slightly less than the average American home, would be a devastating life event, but for Sam it appears no more consequential than dropping an ice cream cone on the sidewalk. Sam later explained the incident by saying he "accidentally went off roaring and took out some trees after the gym."

Taxing extreme wealth can help fund robust public transit networks, which are not only crucial for reducing inequality, but also give bad drivers alternative ways to get around. If a fortune the size of E.W. Scripps' was subject to the estate tax proposed by Sen. Sanders and Rep. Gomez's For the 99.5% Act, it would generate

$5.4 billion in tax revenue, equivalent to roughly a quarter of the Federal Transit Administration's budget.

Wealth inequality has grown so immense that the U.S. would need a theoretical **$9.1 trillion transfer of wealth** from the wealthiest 18,500 households to the bottom 90 percent just to return to the wealth distribution levels of the middle of the 20th century. Though there are many causes of the growing wealth gap–including technological changes, trade policies and the declining power of organized labor–it's significant that the concentration of national wealth in fewer and fewer hands tracks almost perfectly with the weakening of the estate tax, the federal government's primary mechanism to curb economic dynasties' growth.



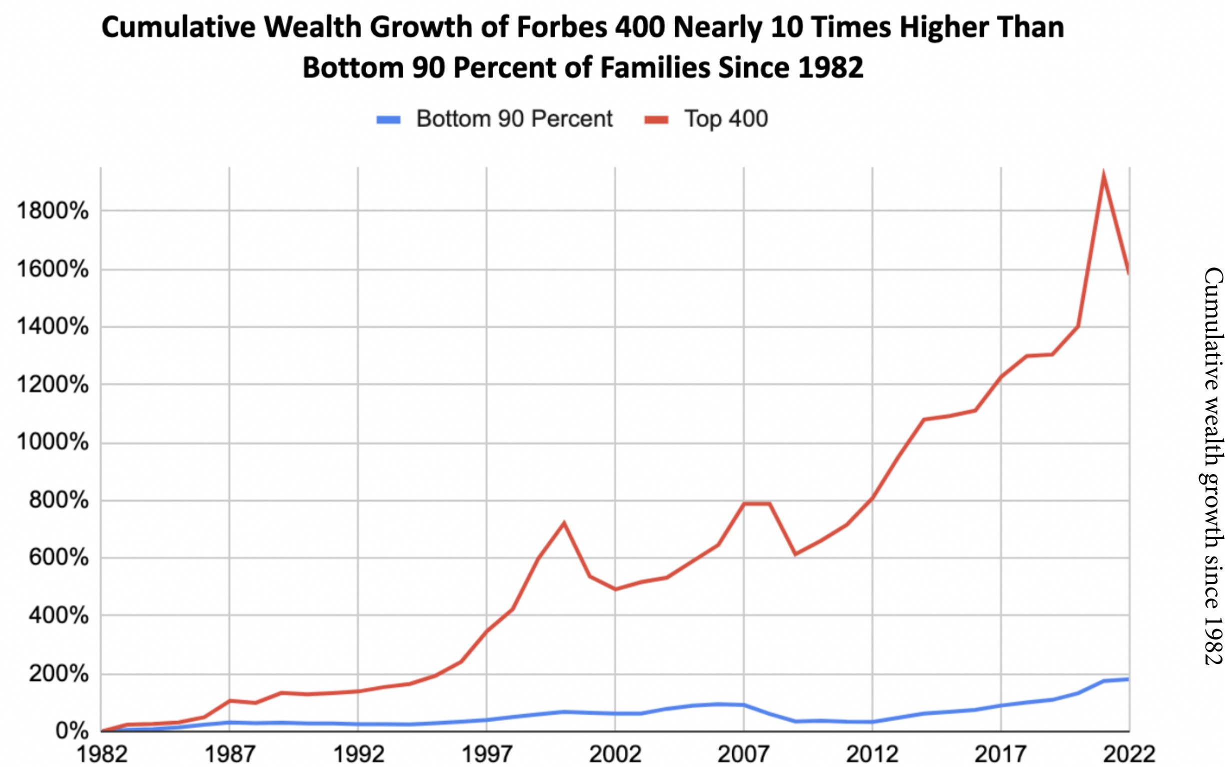
Sources: Americans For Tax Fairness, Wolters Kluwer

But the gains of the richest 1-out-of-10,000 Americans—those with a minimum net worth of $250 million—pales in comparison to the gains made by the billionaire class. In 1982 Forbes came out with their first ever 400 richest Americans ranking, later known as the Forbes 400. Collectively these 400 individuals were worth $92 billion, accounting for 1% of total national wealth.

As of September 2024 the Forbes 400 is worth $5.4 trillion, accounting for over 3% of national wealth. In fact the richest man in 1982—worth $2 billion at the time—would not in nominal terms even make it on the Forbes 400 list today: the wealth threshold is now $3.3 billion. Even after adjustment for inflation, which transforms those two billion 1982 dollars into about $6.5 billion today, that once top fortune only places in the middle of the current list. Additionally, the

400 slots on the list are not even enough to contain all of America's billionaires–there are now 1,600 that don't make the list, according to the government's Survey of Consumer Finances.

While the Forbes 400 have seen their average household wealth grow by an inflation-adjusted 1,600% since 1982, the bottom 90 percent of households enjoyed an average wealth growth of just 180% during that same period–nearly ten times less. These wildly disparate wealth-growth rates have led to a dwindling share of national wealth in the hands of ordinary Americans, dropping from a third in the early 1980s to a little over a quarter today.



Source: Americans for Tax Fairness (real dollars)

Though there is no such thing as a truly "self-made" billionaire—all private fortunes have benefitted from public institutions, the efforts of others, and not a small measure of luck—some have worked a little harder for it than others. Forbes gives most billionaires they track a score from 1 (gaining billionaire status purely through inheritance) to 10 (building a financial empire after starting with nothing) when determining how "self made" their fortunes are. Forbes gives 183 billionaires (with a combined net worth of $1.7 trillion) a score of 5 or less, meaning they each inherited a major family fortune and are relatively uninvolved in maintaining or growing it. Forbes, by its own admission, undercounts the number of billionaires in the US, and the ones most likely to be undercounted are trust-fund kids who fly under the radar by not taking an active role in the corporations they hold major stakes in.

BANKING HEIR NOT WORKING ON THE RAILROAD

TIMOTHY MELLON, OF THE MELLON FAMILY

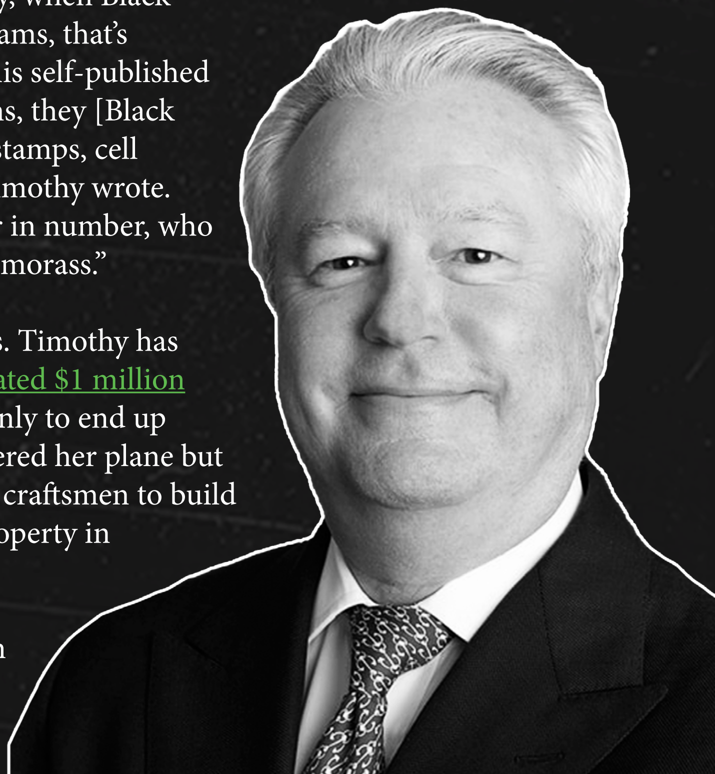
Billionaire Nepo Babies don't have to be loud to cause trouble. Banking-dynasty scion Timothy Mellon seems to shun the spotlight but still uses his inherited money to try to influence politics and, in many smaller ways, shape the world to his tastes.

Perhaps Timothy Mellon yearns for a simpler time. A time when a handful of robber barons (like his great-grandfather, banking tycoon Thomas Mellon) did not have to deal with pesky government safety regulations, meddlesome federal labor protections, and onerous taxes that pay for social safety-net programs. Timothy has warned of the evils of "big government," claiming that a record number of Americans "have become slaves of a new Master, Uncle Sam" when they benefit from public services. It's strange at the very least to hear a man who was born into a $14 billion family fortune denouncing millions of deserving Americans for wanting "freebies."

Rather than negotiate in good faith with labor unions, Thomas's great uncle, who chaired the Pittsburgh Coal Company, took a more combative stance, once remarking "you can't run a coal mine without machine guns." His grandfather Andrew, who served as Treasury Secretary under three consecutive Republican Presidents in the 1920s, oversaw a succession of massive tax cuts for the wealthy and had a charming habit of taking to the radio to praise Italian fascist dictator Benito Mussolini.

Mellon had already inherited over $100 million by his young adulthood, and what better place for a Gilded Age wannabe to make his mark than capitalizing on loosening antitrust enforcement in the early 1980s? He bought three railways in quick succession, but like his grandfather's approved Italian political leader (despite the legend) Timothy also could not make the trains run on time, much less safely and cleanly. Under his reign, the railroads slashed costs, cut wages, and laid off workers, leading to disruptive strikes. One of his railroads repeatedly violated environmental and safety laws, paying a $500,000 fine for concealing an oil spill and $400,000 in damages for firing a worker who raised environmental concerns.

Timothy has made nearly $300 million in political contributions, $172 million just in the 2024 election cycle. He is Donald Trump's biggest supporter, giving $140 million to a pro-Trump PAC in 2024 alone. Apparently, it's fine to buy political influence if you can afford it, but for Timothy, when Black Americans vote for candidates that support popular social programs, that's "slavery redux." Timothy included other such racist musings in his self-published autobiography. "For delivering their votes in the Federal Elections, they [Black Americans] are awarded with yet more and more freebies: food stamps, cell phones, WIC payments, Obamacare, and on, and on, and on," Timothy wrote. "The largess is funded by the hardworking folks, fewer and fewer in number, who are too honest or too proud to allow themselves to sink into this morass."



Not all of his wealth has been used to buy railroads and elections. Timothy has spent millions on an eclectic range of personal interests. He donated $1 million to a group dedicated to finding the remains of Amelia Earhart, only to end up unsuccessfully suing the group, alleging they had already discovered her plane but concealed the fact to defraud him. He also paid a team of skilled craftsmen to build an exact replica of a medieval Norwegian Stave church on his property in Lyme, Connecticut.

While Timothy himself enjoys looking at historical Scandinavian artifacts, he seemingly does not want to extend the same privilege to the general public. According to the New York Times, he clandestinely removed the "Narragansett Runestone" — which has carvings some believe were left by Viking explorers — from waters outside his Rhode Island home because he was annoyed that ordinary people had the audacity to visit the locally famous rock. After a criminal investigation, Timothy returned the stone and no charges were brought. The mythic stone is currently displayed in a public park in the town of Wickford, RI.

Taxing the rich can protect other historic artifacts from the rages of reclusive billionaires. If the $14 billion Mellon-family fortune was subject to the proposed ultra-millionaire tax, it would raise $409 million, enough to cover the entire budget of the federal agency that helps fund local libraries and still have over $100 million left over.

This type of dynastic family wealth is a massive problem, and it is only getting worse. Just 43 billionaire families who inherited their wealth–a third of whom can trace their fortune back to the 19th century–hold $1.3 trillion of wealth as of 2024. This group's wealth is up 54% ($456 billion) since 2015. Huge inherited wealth undermines the twin American principles of personal initiative and equal opportunity; destabilizes our economy by making it top-heavy; disrupts the cohesion of society because some members have so much more than others; and endangers our democracy when billionaires deploy their nearly unlimited money as campaign contributions to try to pick candidates and shape policies that serve their narrow self interest.

Over the past decade at least 90 billionaires passed away, leaving their chosen beneficiaries $455 billion of collective wealth. Because of loopholes in the US tax code, little of that family fortune will ever go to the public's benefit. Based on past research conducted by Americans for Tax Fairness, $255 billion (56%) of that amount was likely entirely exempt from the capital-gains tax because of a special break called "stepped-up basis".

But an even larger amount of billionaire inheritances is likely to pass between generations this coming decade. Based on Social Security life expectancy tables, there are 227 billionaires boasting a collective net worth of $1.95 trillion with a greater than 50% chance of dying in the next 10 years. Unless Congress acts soon, the bulk of that massive fortune could be funneled to descendants of the elite with none going to hungry children, needy students, homeless veterans or any other worthy beneficiaries of public services. On top of that amount, another $2.95 trillion of national wealth is held by just a few thousand individuals over the age of 75 worth less than $1 billion but more than $100 million. The great bulk of that money too is likely not to be taxed and instead end up in the pockets of fortunate heirs as well.

If taxed fairly at the current 40% estate-tax rate, that combined nearly $5 trillion ($1.95 trillion from billionaires plus $2.95 from centimillionaires) would yield a little under $2 trillion of public revenue. This tax alone would be enough to fund free childcare, preschool, and paid family leave with hundreds of billions of dollars left over. But in reality the wealthiest estates pay just a 12% effective tax rate, and that is likely a gross overestimate since the rich are able to underreport their wealth by squirreling it away in an elaborate series of trusts and foundations (see below).

The rise of wealth inequality and of dynastic billionaire fortunes has other dangerous real-world consequences, including lower economic growth, higher levels of political polarization, erosion of trust in government institutions and even increased national security threats. In fact, there are many studies that show high levels of inequality in a country increases the likelihood of terrorism, making the concentration of wealth by billionaires a threat to national security as well as our economic and political wellbeing.

RACIAL & GENDER DISPARITIES IN WEALTH AND INHERITANCE

Wealth disparities in the U.S. are not felt equally across lines of race and gender. In 2022, the median net worth of white households was over a quarter-million dollars ($284,000), while that of Latino families was about one-fifth that amount ($62,000) and of Black families, just one-seventh ($44,000). Allowing the fortunes of the richest individuals to endlessly increase deprives the government of revenues that could be spent on inequality-reducing public services, including investments in the care economy that would disproportionately benefit women, especially women of color.

However, while data on median wealth is important for understanding differences in the economic security of typical families, it does not fully capture the extent to which the concentration of wealth in an ultrarich class disproportionately composed of white men drives racial wealth disparities. The 400 richest Americans— mostly white men according to the National Women's Law Center — hold more wealth than all 17 million Black households combined. White households in the US own 83% of all wealth, while making up just 58% of the population. Though they comprise around one-third of the US population, Black and Latino households combined own just 6.7% all wealth. Gender wealth gaps are similarly stark. Half of U.S. households were headed by women in 2019, but they owned just 28% of total wealth, with women of color owning an even smaller percentage.

These racial wealth gaps are inseparable from the dynastic transmission of wealth across generations. Compared to white households, Black households are significantly less likely to inherit any wealth at all, and they inherit substantially less when they do. According to the Survey of Consumer Finances of the 1.2 million households with over $14 million of wealth—the minimum amount that necessitates filing an estate-tax return, even though nothing may be due—fewer than 5,400 are Black and 7,200 Hispanic. Thus 99.9% of all Black and Brown households gain zero benefit from a weak estate tax, while over 1 million rich white families are able to further consolidate wealth and power for future generations.

A RIGGED TAX SYSTEM GIVES RISE TO BILLIONAIRE NEPO BABIES

One important reason great family fortunes grow to enormous size and keep growing over the generations is that the U.S. tax system does not effectively tax them. Billionaires and other hyper-wealthy individuals can avoid income taxes during their lifetimes, and their enormous wealth can be transmitted to their heirs without payment of estate tax, because the tax code has not kept

COMING ATTRACTION: BILLIONAIRE HEIRESS EXPLORES POVERTY THROUGH FILM

NICOLA PELTZ-BECKHAM, OF THE PELTZ FAMILY

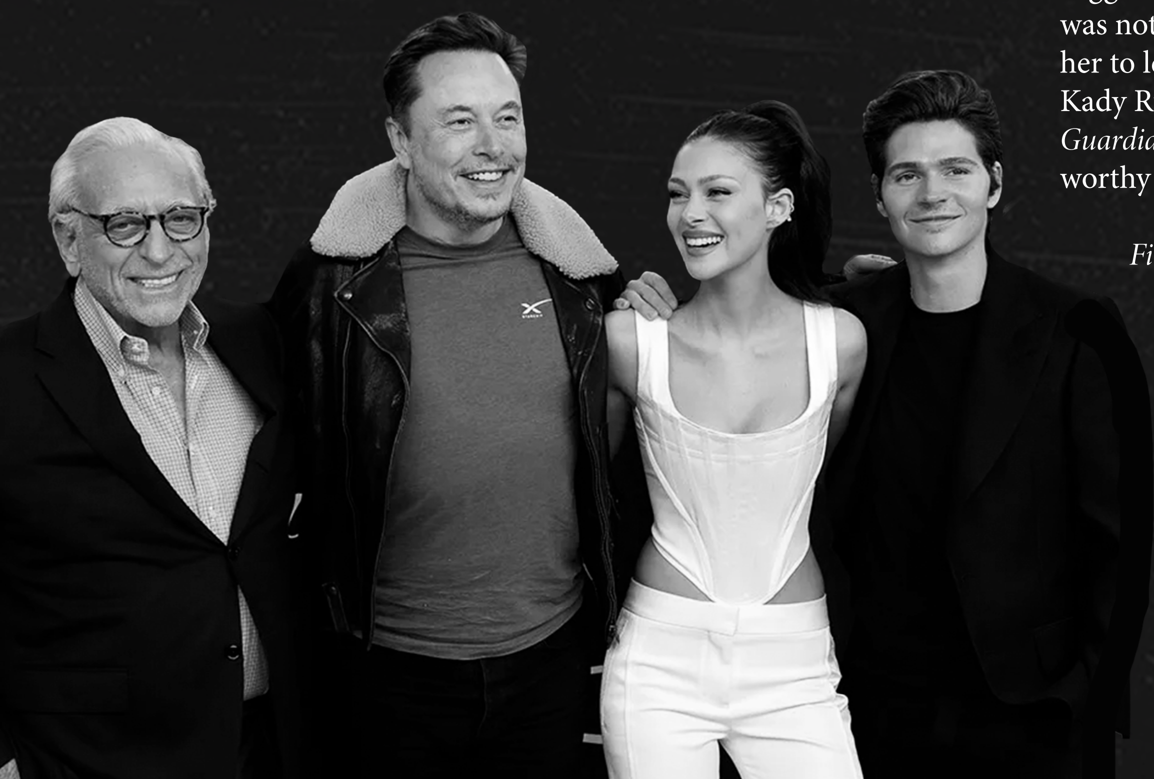
Nicola Peltz-Beckham is the daughter of billionaire investor Nelson Peltz. Nelson, with a net worth of $1.7 billion, is the founder of an investment management firm with over $8 billion in reported assets under management. Nelson is also a major conservative donor. Despite calling the January 6 attack on the Capitol a "disgrace" and apologizing for voting for Donald Trump in 2020, in March of this year, Nelson hosted Trump and other billionaire friends, including Elon Musk, at his house in Palm Beach, Florida.

His daughter Nicola's first major film credit was a role in the 2010 big-budget film The Last Airbender, which was widely panned, enjoying a 5% critics score and a 30% audience score on Rotten Tomatoes. For her work, Nicola was nominated for a "Razzie" for worst supporting actress (her first of two such nominations), with Roger Ebert describing her performance as "bland, stiff, awkward, and unconvincing." Critics also accused the film of "whitewashing," with Nicola playing a character that, in the source material, was a member of a tribe inspired by Inuit culture.

Such racial insensitivity in casting may not have troubled Nicola's father, who in 2024 criticized Disney for being too "woke," telling a journalist: "Why do I have to have a Marvel [movie] that's all women? Not that I have anything against women, but why do I have to do that? Why do I need an all-Black cast?"

In 2024, Nicola wrote, directed, and starred in the film Lola. The film — which originated from a draft script Nicola wrote at age 23 over just three days — has been described as "poverty porn." The titular character, Lola Jones, is a stripper with a cocaine addiction who works a second job at a drugstore. She becomes pregnant after being sexually assaulted by her alcoholic mother's boyfriend, "Trick." The film is set in "2002 Middle America." Evidently, for a billionaire's daughter, this is what life is like for the hoi polloi.

Somewhat to her credit, Nicola acknowledged that her background differs from the character of Lola's, saying, "My dream is to get to look at the world from different perspectives." Considering the reviews of Lola, one might suggest writing and directing a film was not the most effective way for her to learn how the other half lives. Kady Ruth Ashcraft, film critic at the *Guardian* panned the film as not even worthy of a "hate-watch":



> *Filled to the brim with underbaked, oftentimes harmful tropes — the supportive Black best friend, a queer child meeting an unceremonious death, the virginal stripper saved by motherhood, a hypocritical Christian drunk — the film leaves one wondering what could have been achieved if*

any of these characters or their storylines were given as much attention as the gaffers paid to the light hitting Peltz-Beckham's cheekbones.

The gap between the "Middle America" of Lola and Nicola's own life could not be more starkly illustrated than by her $3 million wedding to fellow nepo baby Brooklyn Beckham. The wedding featured a performance by Snoop Dogg and was catered by Bill Clinton's personal chef. But even $3 million does not guarantee getting hitched without a hitch. The Peltz's went through three different sets of wedding planners, firing and subsequently suing one for over $150,000. The defendants countersued, calling Nelson Peltz a "billionaire bully." Their filings allege that the family spent over $100,000 on hair and makeup and that Nicola even refused to review a Google doc, texting the planners: "I have said from day one I do not do google doc. I want an email or a text. Idk how many times I have to ask nicely."

While the hubris of the rich can be boundless, a tax on extreme wealth might help save the movie-going public from suffering through more feature-length vanity projects. Under the Biden-Harris administration's proposed Billionaire Minimum Income Tax (BMIT), assuming a 10% return on his $1.7 billion fortune, Nelson would have to pay $42.5 million in taxes, enough to cover the cost of over 3,750 families' Section 8 rental housing vouchers for a year, or the annual cost of providing food stamps to 16,700 individuals.

up with the aggressive tax-dodging strategies of the super-rich. Reforms have been offered that would confront those strategies to ensure the ultra-wealthy and their descendants start paying their fair share of taxes.

FAILURE OF THE INCOME TAX TO PROPERLY TAX THE SUPER RICH

It's possible for billionaires to pay zero income taxes because the current system fails to tax their biggest source of income: the rising value of their investments they don't sell. This form of income, known as "unrealized capital gains" income, is–at least at the levels billionaires enjoy–as good as a paycheck.

Yet unlike a paycheck, such income is totally untaxed unless the underlying asset is sold. But billionaires and other hyper-wealthy investors don't need to sell to benefit. They can get low-interest loans secured against their rising fortunes and live lavishly tax-free. Whatever they pay in interest is just a fraction of what they would owe in taxes if they sold their profitable investments.

Even when the hyper-wealthy do occasionally sell their winning investments, they pay tax on those gains at little more than half the top rate paid on the same amount of wage income (20% vs. 37%). That means a successful doctor saving lives in an emergency room all night can pay almost twice the tax rate as a Wall Street investor.

But the ultra-rich keep the great bulk of their capital gains until they die, and those are never taxed at all because of a massive loophole called "stepped-up basis." This huge giveaway to the rich makes all inherited capital gains disappear for tax purposes by adjusting (stepping up) the cost, or "basis," of each investment to its price on the day of inheritance.

Here's how it works: if an investor buys $100 worth of stock and then sells it 10 years later when it's worth $300, he owes tax on a $200 ($300-$100) capital gain. But if instead the investor dies after 10 years and his heir immediately sells the inherited stock, the stepped-up basis loophole declares the basis of the stock to be not $100 but $300, its price at the time of inheritance. Selling stock with a (pretend) basis of $300 for $300 yields no gain and thus no capital gains tax is due.

FAILURE OF THE ESTATE TAX TO TAX THE TRANSFER OF ENORMOUS WEALTH

For over a century, the policy of the United States has been that great wealth should be taxed when it's passed down to the next generation to narrow economic inequality and raise revenue to fund the public services relied upon by everyone who will not be handed a fortune.

For most of the 20th century, the estate tax was effective at curbing the creation of economic dynasties while still allowing almost all families to pass along cherished possessions, homes, even small businesses and farms, without paying a penny of tax. Even when estate tax rates and rules were their most aggressive during the 1960s and '70s, the tax was paid by less than 10% of families. Since the early 1980s, that proportion has never risen above 3%.

But the estate tax has in recent decades been so repeatedly weakened by Republican politicians that great fortunes are once again passing between generations with no tax owed. The most recent diminution of the tax was caused by the 2017 Trump-GOP tax law, which doubled the estate-tax exemption amount. By 2024, after annual inflation adjustments, couples could hand their descendants over $27 million without paying any estate tax, and a lot more by implementing only the most basic of the available tax-avoidance strategies. Just the wealthiest one in 500 households (0.2% of all families) is now subject to the tax.

Being subject to the tax does not necessarily mean paying it, though. A whole industry has developed to help the nation's wealthiest families avoid the tax altogether. As early as the 1970s, when the estate tax was still relatively robust in its rates and regulations, tax-law experts were describing it as practically voluntary. Forty years later, it had become so easy for plutocratic dynasties to dodge paying it that a top economic adviser to former President Trump famously announced that "only morons pay the estate tax."

The multiple complex strategies rich families use to avoid the estate tax essentially consist of blurring the ownership of assets. Through special trusts, insurance schemes and other methods–all with exotic names and often used in conjunction with one another–wealth-protection advisors can make one pot of money appear to belong to multiple parties simultaneously, with the most advantageous ownership asserted depending on the tax owed.

For example, assets placed in the curiously named "intentionally defective grantor trust" (IDGT) are treated as belonging to the creator of the trust for income-tax purposes, but to the beneficiary of the trust for estate- and gift-tax purposes. The result is an estate- and gift-tax-free transfer of assets when the grantor dies.

ALASKA PERMANENT TRUST FUND BABY

GABRIELLE RUBENSTEIN, OF THE RUBENSTEIN FAMILY

“My father believes that if you work in private equity you will die and go to heaven,” Gabrielle Rubenstein told the news site PE Hub. Perhaps to secure her own salvation, Gabrille has followed in the footsteps of her father, David Rubenstein (reported net worth: $4 billion), founder of leading private equity firm Carlyle Group, which has nearly $400 billion in assets under management according to Forbes.

After graduating from Harvard — to which her father is a major donor — she began working at another private equity operation owned by her dad. She would later start her own firm, Manna Tree Partners, which invests in “companies that empower consumers to live better, longer lives through improved health and wellness.” The “manna” in Manna Tree Partners references divinely supplied spiritual nourishment, but it was in fact David who supplied some of the early material nourishment by purchasing a 10 percent stake in the fund.

Gabrielle was born in Washington, DC, but raised in Alaska. Her mother, Alice Rogoff, married David in 1983. Alice purchased the largest newspaper in Alaska for $34 million, in large part using a loan secured by a marital agreement with David. But the paper declared bankruptcy just three years later, the same year Alice and David divorced. “I simply ran out of my ability to subsidize this great news product,” Alice said. “Financial realities can’t be wished away.”

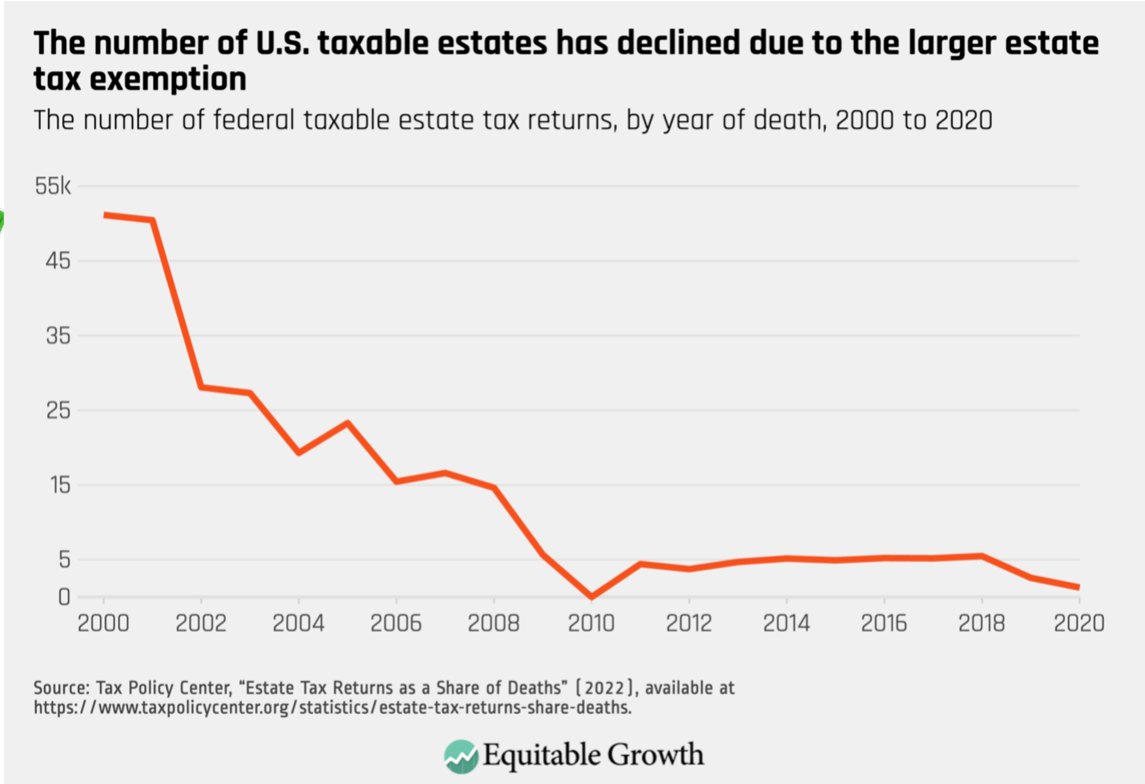
But the Rubensteins’ influence in Alaska extends well beyond failed publishing efforts. Alaska has the largest sovereign wealth fund in the United States, the Alaska Permanent Fund (APF). Capitalized with oil royalties, the APF holds $80 billion in public and private assets and pays yearly dividends directly to Alaskan residents. One of David’s private equity funds reportedly manages over $800 million of the APF’s assets. In 2022, Alaska Governor Michael Dunleavy appointed Gabrielle to the APF’s board of trustees. The press release announcing her appointment did not mention her family and merely described her as having a “background in investments and philanthropy” and being “an avid angler, hunter, and pilot.”

Like her mother’s stint as newspaper publisher, Gabrielle’s trusteeship was short-lived. Gabrielle was brought in to modernize the APF’s investing approach, but what followed during her tenure raised concerns about decidedly old-fashioned cronyism. Gabrille reportedly wanted the fund to increase its investments in private equity, and when asked to react to the APF’s decreasing its private equity allocation, she quipped, “Boy, was my father not impressed.”

In 2024, leaked emails from APF staff suggested that appointing a private equity heiress to be a steward of public wealth may have been a questionable decision. They allege that Gabrielle arranged meetings between her father and APF employees and may have exerted inappropriate influence over the APF investment decisions, recommending the fund partner with firms that had personal ties to her family. The chief investment officer described Gabrielle’s actions as reflecting a conflict of interest. Gabrielle resigned from the APF board denied the allegations, claiming that she followed appropriate protocols.

Gabrielle remains involved in private equity through Manna Tree Partners. While tax policy does not offer the same promise of eternal life that a career in private equity apparently does, it can at least ensure everyone's basic needs are met. If the small 2-3% wealth tax proposed by Sen. Elizabeth Warren (D-MA) and Reps. Pramila Jayapal (D-WA) and Brendan Boyle (D-PA) were in effect this year, David Rubenstein would owe $109 million, roughly equivalent to the cost of providing insurance through Medicaid to over 14,000 people.

Wealthy families also dodge the estate tax by artificially depressing asset values when they divide ownership into shares. Since there is no ready market for these shares, they are valued at less than the underlying value of the assets themselves.



CONCLUSIONS AND SOLUTIONS

Billionaire Nepo Babies are the most obvious symptom of a much more serious problem: too much money has been gathered into the hands of a tiny elite. This hyper-concentration of wealth destabilizes the economy, disrupts communities and endangers democracy. Though other societal changes are needed to fully confront this growing threat–such as the continued resurgence of organized labor and a reform of campaign-finance laws–the most direct and efficient method of deflating the power of the super-rich (and their offspring) is to tax them more, which would also generate valuable resources for public priorities.

The good news is, there are a number of proven, pragmatic proposals to unrig the tax system that enjoy high levels of popular support. The Biden-Harris administration and the top Democrat on the Senate Finance committee have both proposed annually taxing the capital gains of the handful of richest households, regardless of whether underlying investments are sold. This kind of reform would more fairly tax billionaires and reduce the almost unimaginable amounts of cash that can now fuel the antics of Billionaire Nepo Babies by raising half a trillion dollars in new tax revenue over 10 years.

Separately, Senator Elizabeth Warren (D-MA) and Representatives Pramila Jayapal (D-WA) and Brendan Boyle (D-PA) have introduced in Congress the Ultra Millionaire Tax Act. Instead of taxing the increase in wealth of the hyper rich, this plan would tax the wealth itself. It would tax fortunes of between $50 million and $1 billion at 2%, and apply a 3% tax to that portion of an individual's riches above $1 billion. It's estimated this reform would raise a whopping $3 trillion over 10 years. Other wealth-tax legislation introduced in the House would create a sliding rate scale based on multiples of median family net worth: those households with between 1,000 and 10,000 more money than average would pay 2%; those with a million times more would pay 8%.

Other important proposals raised by the Biden-Harris administration include taxing realized capital gains for taxpayers making over $1 million at the same rate as ordinary income like wages; and eliminating the stepped-up basis loophole for inherited gains over $10 million by taxing them as if the underlying asset had been sold. These two reforms combined would bring in nearly $300 billion in revenue over a decade while narrowing economic inequality.

It is also critical that the estate tax be restored so that it can play a meaningful role in promoting fairness and equal opportunities. The estate tax would be strengthened and made more difficult to avoid by proposals like the For the 99.5% Act, introduced in Congress by Senator Bernie Sanders (D-VT) and Representative Jimmy Gomez (D-CA). The estate-tax exemption would be lowered to $7 million per couple and the current 40% flat rate would be replaced with a sliding scale that charges higher rates as the size of the family fortune swells, topping out at 65% on that portion of an estate that exceeds $1 billion. The law would also crack down on estate-tax-avoidance strategies.

None of these tax reforms would impoverish the ultra wealthy, nor even inconvenience them in any meaningful way–but they would reduce the concentration of wealth that is so corrosive to society. At the same time, they would raise trillions of dollars that could be used to reduce inequality and improve the lives of families that can only dream of the kind of security and opportunity enjoyed by the nation's richest clans. And if rich families ever did need to tighten their belts a bit to pay their taxes, the economizing might begin by reducing the flow of money funding the extravagant lifestyles of America's Billionaire Nepo Babies.

HUNTING FOR A REAL JOB

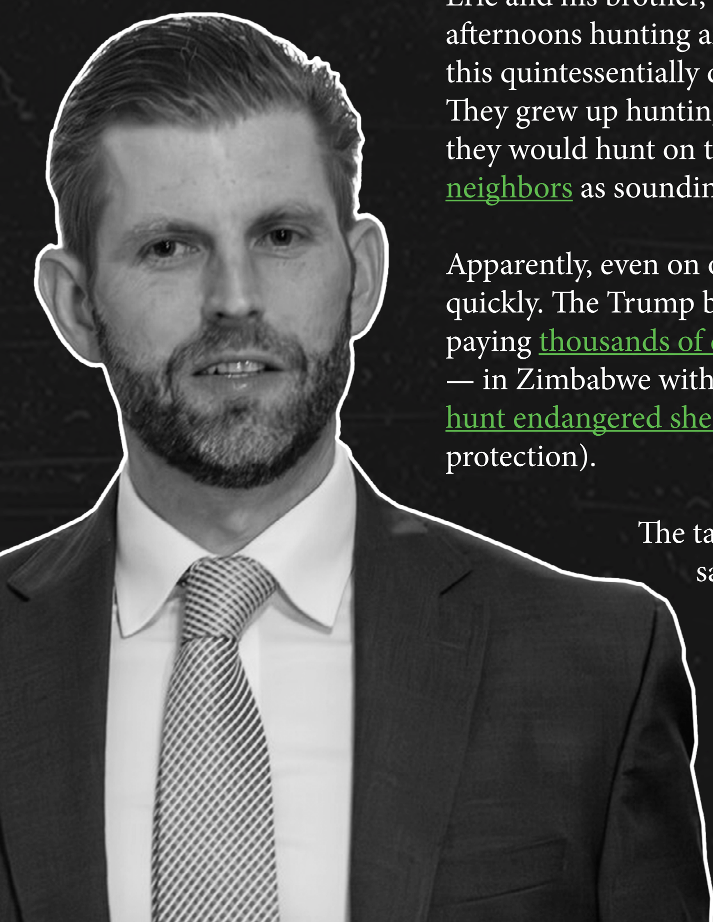
ERIC TRUMP, OF THE TRUMP FAMILY

Eric Trump is the second-born son of Donald Trump, who has a reported net worth of $3.9 billion. Eric joined the Trump family business right out of college, and is currently an executive vice president. To his credit, Eric is not under the illusion of being self-made, telling Forbes, "Nepotism is a fact of life."

Eric "oversees all aspects of management and operation of the [the Trump Organization's] global real estate empire." One outpost in this "empire" is the Trump Winery in Charlottesville, Virginia, which Donald Trump purchased in 2011. In 2023, he gave the winery — which he bragged about during a press conference about the 2017 violent white supremacist rally in Charlottesville — to Eric.

While some have declared Trump wines to be "surprisingly palatable," others have given less glowing reviews, with one describing a red as "grape jelly with alcohol." Eric seems to have pulled off a Biblical reverse-miracle with one white wine, which was described in a blind test as tasting like it was mixed with flavored sparkling water. The privilege of drinking such wine-turned-into-water from a bottle autographed by Eric himself can be yours for just $1,199.99.

Eric has raised millions of dollars for children's cancer research. But he has also allowed his private foundation to be manipulated by his father for personal family gain. A report by Forbes accused the Eric Trump Foundation of paying the Trump Organization hundreds of thousands of dollars to use its golf courses for charity tournaments. The Donald J. Trump foundation itself reportedly funneled $100,000 in outside donations to the Eric Trump Foundation to cover these expenses, a financial maneuver Forbes described as having "more in common with a drug cartel's money-laundering operation than a charity's best-practices textbook." In December 2016, after reports suggested that the Foundation was essentially auctioning political influence with Eric's father, Eric suspended the charity.



Eric and his brother, Donald Jr., are "avid outdoorsmen," who have described idyllic afternoons hunting and fishing with their grandfather as children. Of course, even this quintessentially down-to-earth activity is made easier with family money. They grew up hunting on their father's property north of New York City. As adults, they would hunt on their own 171-acre hunting preserve in the state, described by neighbors as sounding like a "war zone."

Apparently, even on one's own private preserve, hunting turkeys and deer can get old quickly. The Trump brothers have sought out far more exotic experiences, reportedly paying thousands of dollars to hunt "big game" — such as elephants and leopards — in Zimbabwe with the help of a guide. Donald Jr., even traveled to Mongolia to hunt endangered sheep (costing the American public nearly $80,000 in secret service protection).

The tax code can curb the power of aspiring oligarchs and maybe even save a few elephants in the bargain. Under the Biden-Harris BMIT proposal, and again assuming a 10% return on his $3.9 billion fortune, Eric's dad would have to pay an estimated $97.5 million annually in additional taxes. While less than his extensive legal fees, $97.5 million could cover the annual salary of around 1,700 firefighters and 2,900 forest and conservation workers.

Some Nepo-Baby Fortunes Have Their Origins in the 19th Century

Fortune Founded	Billionaire Families	Net Worth (2015, in billions)	Net Worth (2024, in billions)	9-Year Wealth Growth ($)	9-Year Wealth Growth (%)
1962	**Walton family**	$149.0	$267.0	$118.0	79.2%
1911	**Mars family**	$80.0	$117.0	$37.0	46.3%
1925	**Koch family**	$86.0	$116.0	$30.0	34.9%
1865	**Cargill-MacMillan family**	$45.0	$60.6	$15.6	34.7%
1946	**Johnson family**	$26.0	$44.8	$18.8	72.3%
1936	**Pritzker family**	$30.0	$41.6	$11.6	38.7%
1886	**S.C. Johnson family**	$28.8	$38.5	$9.7	33.7%
1946	**Cathy family**	$7.0	$33.6	$26.6	380.0%
1968	**Duncan family**	$22.4	$30.0	$7.6	33.9%
1898	**Cox family**	$34.5	$26.8	-$7.7	-22.3%
1946	**Lauder family**	$16.5	$25.9	$9.4	57.0%
1934	**Hunt family**	$14.2	$24.8	$10.6	74.6%
1922	**Newhouse family**	$18.0	$24.1	$6.1	33.9%
1887	**Hearst family**	$32.0	$22.4	-$9.6	-30.0%
1876	**Busch family**	$13.5	$20.0	$6.5	48.1%
1976	**Reyes family**	$8.6	$19.9	$11.3	131.4%
1889	**Smith family**	$6.3	$19.8	$13.5	214.3%
1905	**Butt family**	$10.4	$18.8	$8.4	80.8%
1927	**Ziff family**	$15.0	$18.5	$3.5	23.3%
1802	**Du Pont family**	$14.5	$18.1	$3.6	24.8%
1882	**Dorrance family**	$13.6	$17.0	$3.4	25.0%
1870	**Brown family**	$12.8	$16.5	$3.7	28.9%
1873	**Kohler family**	$5.6	$16.2	$10.6	189.3%
1886	**Johnson family**	$6.3	$16.0	$9.7	154.0%
1941	**Stryker family**	$7.9	$15.9	$8.0	101.3%
1927	**Marriott family**	$6.9	$15.9	$9.0	130.4%
1934	**Meijer family**	$7.9	$15.9	$8.0	101.3%
1919	**Crown family**	$8.8	$14.7	$5.9	67.0%
1958	**Haslam family**	$6.0	$14.4	$8.4	140.0%
1901	**Rollins family**	$7.4	$14.2	$6.8	91.9%
TOP 30 DYNASTIES		**$741**	**$1,145**	**$404**	**54.5%**