

Estate Tax Repeal

OVERVIEW

When the owner of a construction company dies, the value of the company is added to the owner's estate and is taxed after exemptions. The estate tax, also known as the "death tax," places a significant burden on future generations of family business owners, as well as their employees, customers and suppliers. Small, family-owned construction companies are particularly hard hit by the death tax because the value of these businesses is not in liquid assets.

The estate tax constitutes slightly more than 1 percent of federal revenue—and is most likely revenue-neutral when the full impact of closing a business is considered. At roughly 1 percent of annual federal revenue, ABC believes the death tax is hardly worth the devastation it causes to family-owned construction businesses.

Former President George W. Bush signed into law a temporary repeal of the estate tax as part of the administration's \$1.3 trillion tax relief package, the Economic Growth and Tax Relief Reconciliation Act of 2001. The estate tax was repealed on Dec. 31, 2009, for one year.

On Dec. 17, 2010, President Obama signed into law the Tax Relief, Unemployment Insurance Reauthorization, and Job

Creation Act of 2010 (H.R. 4853), which establishes a 35 percent rate for the estate, gift and generation skipping transfer, and an exemption of \$5 million per person and \$10 million per couple, for two years through 2012. If Congress had not acted during the 111th Congress, the death tax would have returned at its highest taxable rate of 55 percent and a \$1 million exemption in 2011.

Family-owned businesses are the backbone of our economy and give Americans a sense of pride and accomplishment. In the construction industry, they provide valuable jobs and play an integral role in building communities. ABC believes these businesses are worth preserving for the next generation.

ABC SUPPORTS

- Permanent repeal of the estate tax.

ABC OPPOSES

- Pre-2001 rates, 55 percent and a \$1 million exemption.
- Any estate tax legislation that is not indexed for inflation.