STATEMENT OF SENATOR DON NICKLES
Subcommittee on Taxation and IRS Oversight
Thursday, March 15, 2001

This is a hearing of the Senate Finance Subcommittee on Taxation and IRS Oversight on the death tax. Since this is the first meeting of the subcommittee in the 107th Congress, I would like to welcome my ranking member, Senator Conrad, and the other members of the subcommittee and the full committee who have joined us this morning.

Today we will hear testimony from two panels of witnesses. The first panel will include taxpayers who have suffered the effects of the death tax. The second panel of economists and professionals will speak to the economic impact of the death tax and the challenges we face in legislating its repeal.

My hope is that after I make a brief statement, and provide the same opportunity to Senator Conrad, that we can proceed to the first panel of witnesses and then to a round of questions.

The death tax is confiscatory, anti-family, and anti-growth. Most Americans work diligently throughout their lives to provide for their families and give their children and grandchildren a better future. This work often results in the accumulation of assets like homes, businesses, and farms; all acquired with hard work and bought with after-tax dollars. Unfortunately, those without high-paid lawyers and accountants realize too late that up to 60 percent of those assets could be confiscated by the federal government upon their death.

Death should not be a taxable event. The Death Tax Elimination Act that passed Congress overwhelmingly last year, and was vetoed, would shift the incidence of tax to the eventual sale of inherited assets by the heirs, at which time a capital gains tax is collected. This not only makes economic sense, but it also address the political concerns of those who fear that the “super rich” will somehow escape taxes altogether.

Some of my colleagues, and some of our witnesses, will suggest that we don’t need to repeal the death tax, but rather just reform it by increasing the exemption or reducing the tax rates. They point to the fact that only 2% of estates pay the tax.

While the death tax most certainly affects those who actually pay it, it also affects many others who must engage in costly estate-planning to prepare for the tax, whether or not they will ultimately have to pay it. When a family-owned business or farm is sold to pay the death tax, its employees are hit with a 100% death tax --- the loss of their jobs.

It all essentially comes down to this. Is it fair for the Government to confiscate up to 60% of someone's property or business for which they worked their entire life?

Absolutely not. Fortunately, the American people and a majority in Congress understand that the Death Tax is simply unfair. That's why we will successfully repeal it this year.