



November 15, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20510

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Majority Leader Reid, Republican Leader McConnell, Speaker Boehner, and Leader Pelosi:

As members of the Family Business Estate Tax Coalition (FBETC), we are asking you to pass legislation addressing the estate tax before the end of the year. Action is urgently needed to prevent the estate tax from saddling thousands more family-owned businesses and farms with a crippling tax increase.

The goal of the FBETC has always been full repeal of the estate tax, and we still believe this is the best solution to protect all family-owned businesses from the estate tax. At a minimum, the FBETC supports maintaining current estate tax policy, with an exemption level of \$5 million and the maximum rate of 35 percent.

It is also imperative that the exemption is indexed to inflation, provides for spousal transfer and includes stepped-up basis. Estate tax reform that includes these important components is critical for family-owned businesses and farms that are struggling to create much needed jobs and expand their operations.

At the end of 2010, 277 Representatives and 81 Senators, Republicans and Democrats alike, compromised to set the estate tax at its current level. Members of the FBETC strongly oppose efforts which would retreat from the bipartisan agreement.

If Congress fails to pass legislation extending this current policy, the Joint Committee on Taxation estimates that 13 times more families, 20 times more farms, and 9 times more small businesses will be forced to pay the estate tax. Such an outcome would have a devastating impact on family-owned businesses and farms. One study concluded that as many as 1.2 million jobs would be lost.

Between 2002 and 2012, the exemption level and tax rate for the estate tax have changed nine times. The uncertainty of the current law has left many family-owned businesses and farms

guessing about their estate tax liabilities and unable to make prudent business decisions. The significant costs to plan for the estate tax reduce investment in business growth and job creation, which is only made worse by the current uncertainty surrounding the tax. Ultimately, a permanent solution is needed because without it, there are no assurances that future generations will be capable of sustaining these family-owned businesses and farms.

As Congress considers proposals to address the fiscal cliff and the impending tax increases scheduled for January 1, 2013, we urge you to support estate tax relief to ensure the survival of thousands of family-owned businesses and farms. We look forward to working with you to address this critical issue as soon as possible.

Sincerely,

Air Conditioning Contractors of America
American Beverage Licensees
American Farm Bureau Federation ®
American Foundry Society
American International Automobile Dealers Association
American Rental Association
American Trucking Association
American Wholesale Marketers Association
AMT-The Association For Manufacturing Technology
Associated Builders and Contractors
Associated General Contractors of America
Automotive Aftermarket Industry Association
Bowling Proprietors' Association of America
Communicating for America
Comporium Group/Rock Hill Telephone Company
Financial Executives International
Food Marketing Institute
Heating, Air-Conditioning & Refrigeration Distributors International (HARDI)
Independent Insurance Agents & Brokers of America
International Sign Association
Marine Retailers Association of the Americas
Mason Contractors Association of America
Mortgage Bankers Association
National Association of Home Builders
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Automobile Dealers Association
National Beer Wholesalers Association
National Black Chamber of Commerce
National Cattlemen's Beef Association
National Confectioners Association
National Electrical Contractors Association

National Federation of Independent Business
National Funeral Directors Association
National Grocers Association
National Lumber and Building Material Dealers Association
National Newspaper Association
National Propane Gas Association
National Restaurant Association
National Roofing Contractors Association
National Small Business Association
National Telecommunications Cooperative Association
National Tooling and Machining Association
National Utility Contractors Association
Newspaper Association of America
Petroleum Marketers Association of America
Policy and Taxation Group
Precision Machined Products Association
Precision Metalforming Association
Printing Industries of America
Society of American Florists
Tire Industry Association
U.S. Chamber of Commerce
Western Growers Association
Window and Door Manufacturing Association
Wine & Spirits Wholesalers of America
Wine Institute