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PRESS RELEASE

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ECONOMIC BENEFITS OF ESTATE TAX REPEAL SHOULD BE MADE PERMANENT

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WASHINGTON, D.C. – The positive effects of repealing the estate tax should be made permanent, Vice Chairman Jim Saxton said today in releasing a new study on this tax with Rep. Jennifer Dunn. The study, [The Economics of the Estate Tax: An Update](#), documents the damage inflicted by the estate tax on capital formation, thrift, continuity of small businesses, and the environment. Under current law, the damaging effects of the estate tax are reduced, and the tax would be repealed in 2010, only to come back to 2001 levels in the next year.

“The estate tax is one of the most literally counterproductive parts of the U.S. tax code,” Saxton said. “It forces many small business and farms to dissolve, undermines incentives for work, saving, and investment, and leads to unnecessary development of environmentally sensitive land. It should be repealed once and for all.

“Over the years, the estate tax has reduced the capital stock by at least half a trillion dollars. This reduces the availability of machinery, equipment, and technology needed for economic growth. Although the economic damage wreaked by the estate tax is significant, it raises little, if any, revenue. These costs exceed any potential benefits that the tax might arguably produce, and we should put an end to this onerous and punitive tax once and for all,” Saxton concluded.

“The report highlights some grim findings, which, unfortunately do not come as a surprise to all of us who have worked so hard to permanently repeal the Death Tax,” said Rep. Jennifer Dunn. “Without the permanent repeal, the Death Tax might very well become the ‘kiss of death’ for small businesses and farms.”

The new study also found that empirical and theoretical research indicates that the estate tax is ineffective at reducing inequality and may actually increase inequality of consumption. In addition, estate taxes force the development of environmentally sensitive land. Through 2001, 2.6 million acres of forest land were harvested and 1.3 million acres were sold each year to raise funds to pay for estate taxes.

For a copy of the JEC study and more information on tax policy, please visit our website at www.house.gov/jec.

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