CONGRESS OF THE UNITED STATES

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CHAIRMAN JIM SAXTON

PRESS RELEASE

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NEW STUDY DOCUMENTS DESTRUCTIVE EFFECTS OF THE ESTATE TAX

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WASHINGTON, D.C. – The Federal estate tax undermines economic growth, fails to reduce inequality, and harms many small businesses, according to a new study released today by Joint Economic Committee (JEC) Chairman Jim Saxton and fellow Committee members Congressman Phil English and Congressman Kevin Brady. The study, *Costs and Consequences of the Federal Estate Tax,* offers a wide-ranging examination of the central issues regarding the estate tax and its potential reform.

"This study demonstrates that the estate tax dampens investment and economic growth while penalizing small business and entrepreneurship," Saxton said. "The complex estate tax fosters clever estate planning and tax avoidance, and imposes costs that are excessive given the static estimates of revenue raised. The estate tax may even add to inequality, while hindering capital formation by successful small businesses and innovative entrepreneurs," Saxton concluded.

"The death tax places an unfair burden on the American people and often prohibits family businesses from being passed on to future generations by subjecting them to extreme tax liabilities," said English. "Today's report further confirms these facts, reiterating the need for Congress to take action to permanently repeal such an unjust and mean-spirited tax," English concluded.

"The Death Tax is terribly unfair," Congressman Brady said. "It punishes hallmark American values -- hard work and savings. It stops our small business people and farmers from passing their hard-earned heritage down to their children, and it is harming more and more of our minority and women entrepreneurs," Brady concluded.

As noted by Joseph E. Stiglitz, Chairman of President Clinton's Council of Economic Advisers, even if the estate tax's damaging effects on capital accumulation could be offset, the "desirability of the estate tax may still be questioned, not only because of the distortions which it introduces but also because it may actually increase inequality in the distribution of consumption."

For a copy of the new JEC report, *Costs and Consequences of the Federal Estate Tax*, please visit our website at www.house.gov/jec

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