October 24, 2005 Just two years ago, Congress was poised to eliminate the hated estate tax permanently. Today, however, several U.S. Senators are using their own wasteful spending habits to justify retaining the tax. In the eyes of these Senators, budget deficits are never the result of too much spending, but rather too little taxing. They cannot imagine giving up even the tiny fraction of federal revenues raised by the estate tax. Why is a one percent revenue cut unthinkable to these lawmakers, while annual three or five percent spending increases are considered business as usual? To answer this question, look no further than the transportation bill passed last week in the Senate. It is perhaps the most pork-filled, wasteful appropriations bill passed in years. The bottom line is that spending money is what keeps these Senators in office. They won't stop pork spending because the American voting public rewards them for it. The estate tax, more accurately known as the death tax because it is levied when a taxpayer dies, confiscates anywhere from 37% to 55% of a individual's assets. While these rates are unconscionable, the death tax also represents an especially galling form of double taxation. Americans already pay federal and state income taxes throughout their working lives. They pay income and capital gains taxes on money they save and invest. They pay local property taxes on their homes. They pay various sales taxes whenever they buy something. They even pay steep federal taxes on gasoline and telephone use. Yet after a lifetime of burdensome taxes, the death tax punishes Americans one last time simply because they worked hard, saved, and invested to pass something on to their families. In 2001 the House debated an outright repeal of the estate tax. Political considerations-- based on the false argument that the estate tax only applies to some imagined class of dynastic families-- prevented the passage of an immediate repeal. Instead, a slow ten-year phaseout bill passed in both the House and Senate chambers. Incredibly, however, the Senate added a provision that would cause the tax rules to revert back to the current system after the ten-year period. In other words, the death tax will return after 2011! So a taxpayer dying in 2010 would pay no estate tax, while his unfortunate neighbor dying the next year would get a whopping bill from the IRS. Accountants and tax attorneys might support this crazy system, but it creates an estate planning nightmare for American families. Some doctors even warn it could give elderly people a morbid incentive to time their deaths out of concern for their loved ones. The tired argument that the estate tax only affects the rich simply is false. Many of my constituents are farmers, ranchers, and small business owners. They are hardly rich, but some of them have built up valuable businesses they would like to pass on to their children. Yet when they die, their children rarely have the liquid cash needed to pay the death tax bill. Often the business must be sold or divided to raise money for the IRS. Many family farms across this country have been bought by large corporations because of the estate tax. Ultimately, the argument against the death tax is a moral one. People should not be punished for working hard, saving, and building wealth. Our society should respect the most basic property right, namely the right to dispose of one's property as one chooses. The American dream is based on making a better life for one's children, despite the empty rhetoric of the class-warfare politicians in Washington. Building wealth is not sinister, it is admirable. Our tax rules should encourage the decidedly American virtue of saving for the future.