

**Floor Statement by Senator Kent Conrad (D-ND) on Estate Tax Repeal
June 7, 2006**

We are debating the question of whether the estate tax ought to be eliminated. It has been fashionable to call this tax the death tax. That is a name conjured up by some PR people for a handful of wealthy families whom the *New York Times* revealed this morning have spent \$200 million over the last several years trying to convince people there is a death tax.

There is no death tax. None. We do have a tax on the wealthiest estates in the country. Currently, the exemption levels of \$2 million per person or \$4 million a couple mean that only one-half of 1 percent of estates are taxed.

To eliminate the estate tax would cost the Treasury \$776 billion from 2012 to 2021. That is the time it would be first fully in effect. That doesn't count the interest lost. The interest lost would be another \$213 billion. So the total cost to the Treasury would be nearly \$1 trillion in the time 2012 to 2021.

Let's look at our current budget condition because that should inform what we do here. Do we have this money? And the answer is clearly no, we don't have the money. We already can't pay our bills. This is what has happened in the last 5 years. These are the deficits that have been run up. They are the biggest deficits in the history of our country. This year they are anticipating a deficit of \$325 billion.

That doesn't accurately describe our fiscal condition because what is going to get added to the debt this year is not \$325 billion. What is going to get added to the debt this year is over \$600 billion.

In the midst of this sea of red ink, what our colleagues are talking about doing is eliminating another trillion dollars. Let's just stack it on the debt. They are not proposing cutting spending to offset this amount. They are not proposing other taxes to offset this amount. They are proposing borrowing the money.

This is our pattern of borrowing since this President took over. In the last part of his first year, the debt of the country stood at \$5.8 trillion. We don't hold him responsible for the first year because that was a budget determined in the previous administration. But here is what is happening to the debt under this President in 10 years -- the first 5 years we have already seen and the 5-year budget that is before us now. If the 5-year budget that has been passed in the House and the Senate goes forward pursuant to the President's proposal, this will be the debt at the end of that period -- almost \$12 trillion. This President will be responsible for doubling the debt of the country.

Already he has more than doubled the amount of American debt held by foreign entities. It took all these Presidents -- 42 Presidents -- 224 years to run up \$1 trillion of external debt. This President has more than doubled that amount in just 5 years. This is an utterly unsustainable course, debt on top of debt.

The result is, we now owe Japan over \$600 billion. We owe China over \$300 billion. We owe the United Kingdom almost \$200 billion. We owe the oil exporters almost \$100 billion. And now Mexico has gotten on to our list of top 10. We owe Mexico \$40 billion.

Most of the added borrowing we have done to float this boat, most of the money has not come from our own country. We have borrowed more from abroad in the last 5 years than we borrowed from America to finance these deficits.

Our colleagues are saying: Let's go out and borrow another trillion dollars, primarily from Japan and China, in order to give a tax reduction to one-half of 1 percent of the estates. This makes no earthly sense.

Under current law -- here we are in 2006 -- a couple can shield \$4 million. In fact, with any kind of estate planning, they can shield far more than that. In 2009, that will go up to \$7 million. That is under current law.

Under current law, in 2009, 99.8 percent of estates will pay zero. There is no death tax. There is no death tax. There is a tax on wealthy estates, and if we don't get some help from the very wealthiest among us, guess what. We are either going to have to ask middle-class people to pay more, or we are just going to keep running up the debt. The proposal of our friends on the other side is just stack it on the debt, stack it on top of the debt that has already doubled under this administration's watch.

Already under current law, the number of taxable estates has dramatically fallen. In 2000, we had 50,000 estates that were taxable. That was down to 13,000 this year. By 2009, it will be further cut to just 7,000.

What is this really about? This is really about a handful of wealthy families who, according to the *New York Times* in this morning's paper, have spent more than \$200 million over the last several years to convince people there is a death tax.

I just had a colleague tell me a baggage handler stopped him and urged him to end this death tax because he was deathly afraid he was going to get taxed. That baggage handler doesn't have to worry. One has to have \$4 million in their family before they pay a penny of tax. With any kind of estate planning, you can shield far more than that.

I recently spoke with a North Dakota estate lawyer. He does more estates than any lawyer in my state. I said: Is this estate tax with a \$4 million exemption per family a problem? He said: Kent, it is a nonissue. Not only do you have \$4 million, but in addition, you have a whole series of things you can do to further reduce your tax liability, and on top of that, if you do have any liability, you have 14 years to pay if you have a closely held business or a farm. You have 14 years to pay. People say there is a liquidity problem. There is no liquidity problem. The only people who have an issue are very wealthy people.

I would love to be able to say to them that we can dramatically reduce your tax burden, but the problem is we can't pay our bills now. People say it is the people's money. Absolutely it

is. It is also the people's debt, and this debt that is going to be added to is in all of our names. This is in all of our names. Are we really going to take on \$1 trillion of additional debt in order to help a handful of very wealthy people who really don't need the help?

We have already heard many of them say: Please, don't do this. Warren Buffett, the second wealthiest man in the world, said this makes no sense at all. Mr. Gates, the father of the richest man in the world, has come before us and said: We don't need this kind of help. We have been blessed by being in America. We have had the opportunities of being here. We expect to make an additional contribution.

There is something else that should be mentioned, and that is, we have other tax relief we need to consider, and this should be the priority over estate tax repeal. Repeal costs \$369 billion from 2007 to 2016. During that same period it would cost \$286 billion to extend the 10-percent bracket. That really does affect people, middle-class people. It would cost \$183 billion to extend the child tax credit. That really does affect middle-class people. And it would cost \$46 billion to extend the marriage penalty relief. I submit these are priorities. These are the issues -- extending the 10-percent bracket, extending child tax credit, extending marriage penalty relief -- to which we ought to pay attention.

Finally, this is a quote from the chairman of the Finance Committee last year: "It's a little unseemly to be talking about eliminating the estate tax at a time when people are suffering." The chairman of the Finance Committee had it right last year. It is unseemly. It is unseemly to be eliminating the estate tax when our country is in deep debt, when our country is at war, when our country is running up record deficits, and when there are so many other needs that are the real priority for the people of this country.