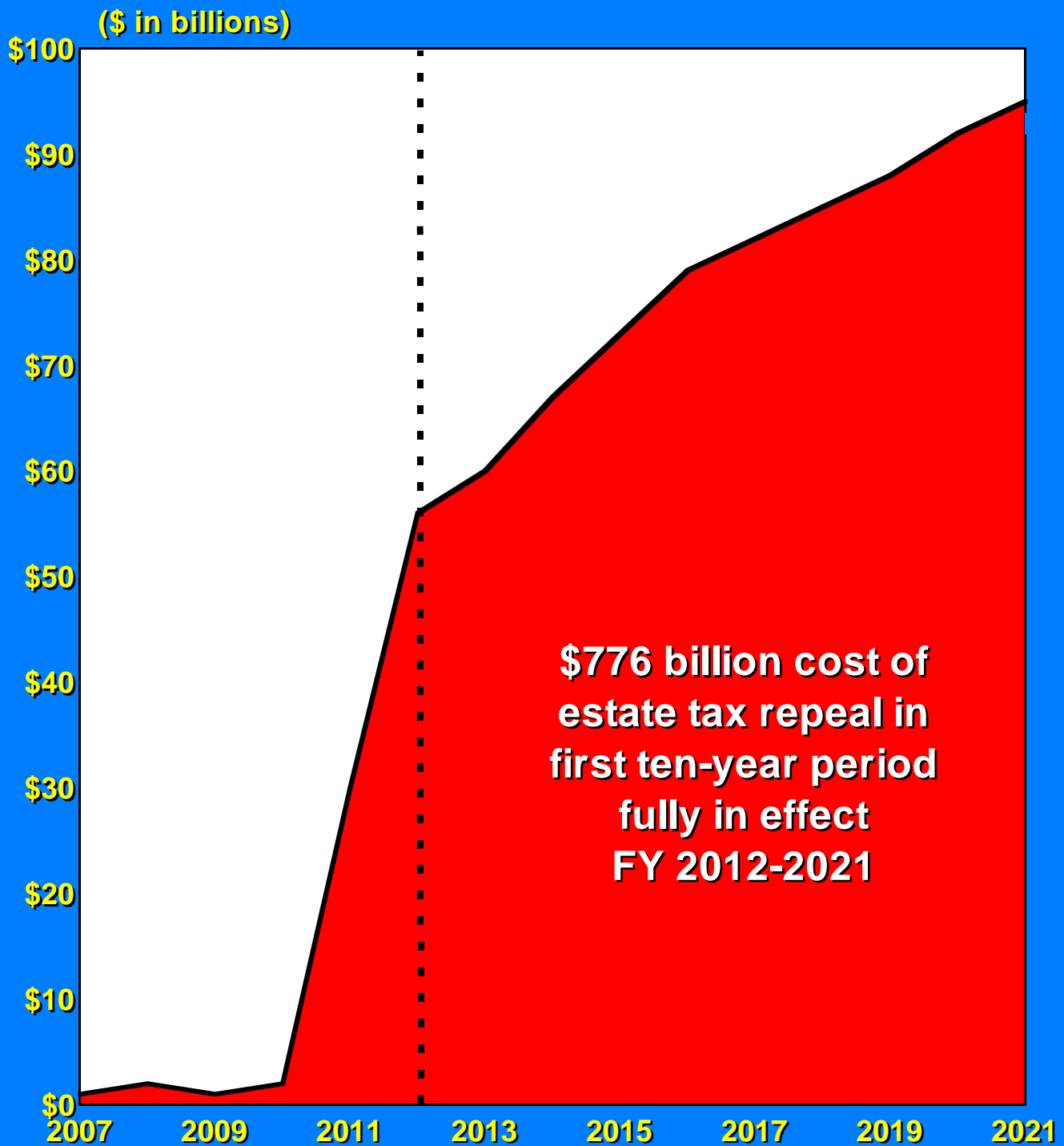


Cost of Estate Tax Repeal Explodes

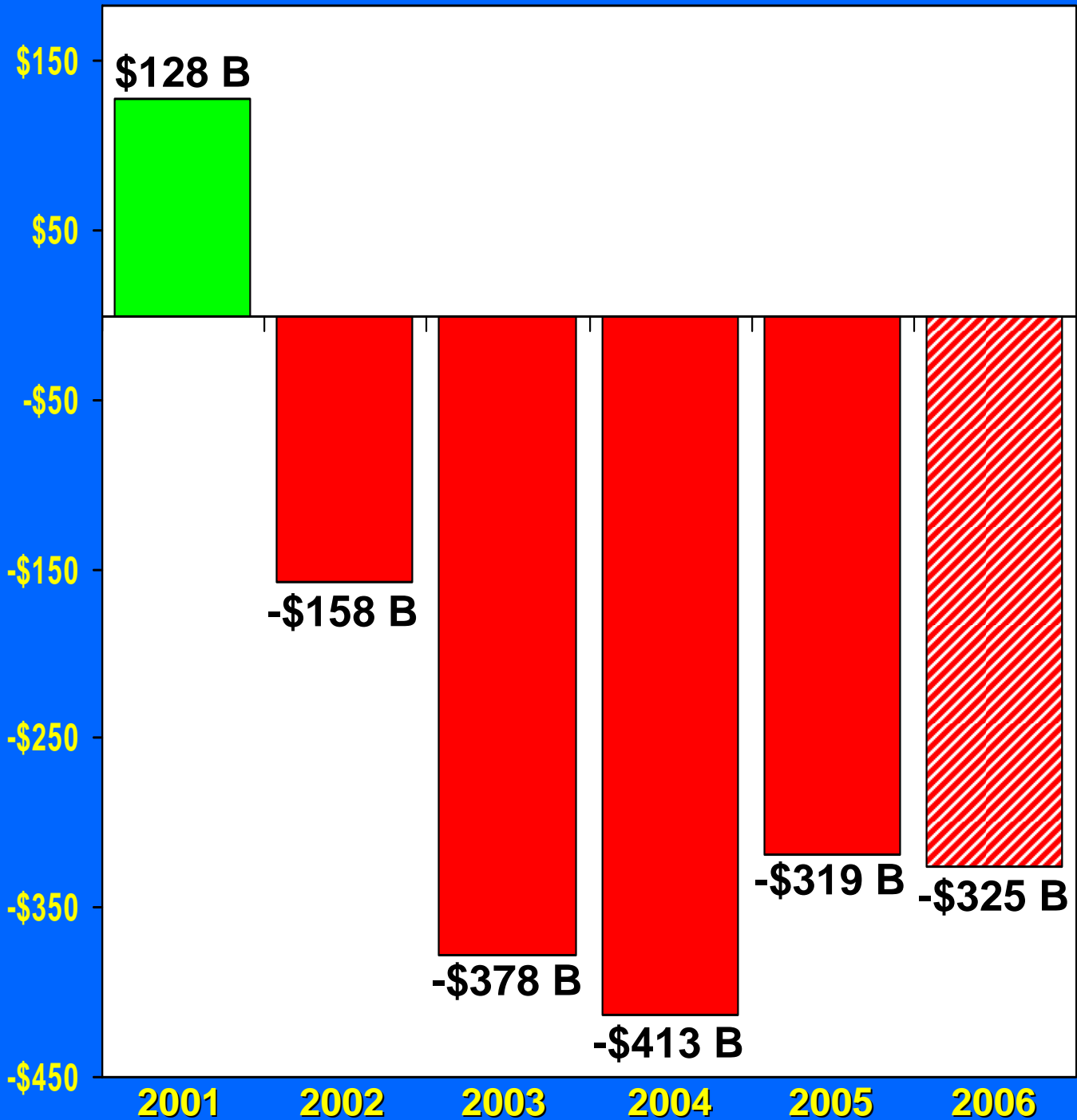


Source: JCT, CBPP

Note: interest not included

Dramatic Deterioration in Budget Picture

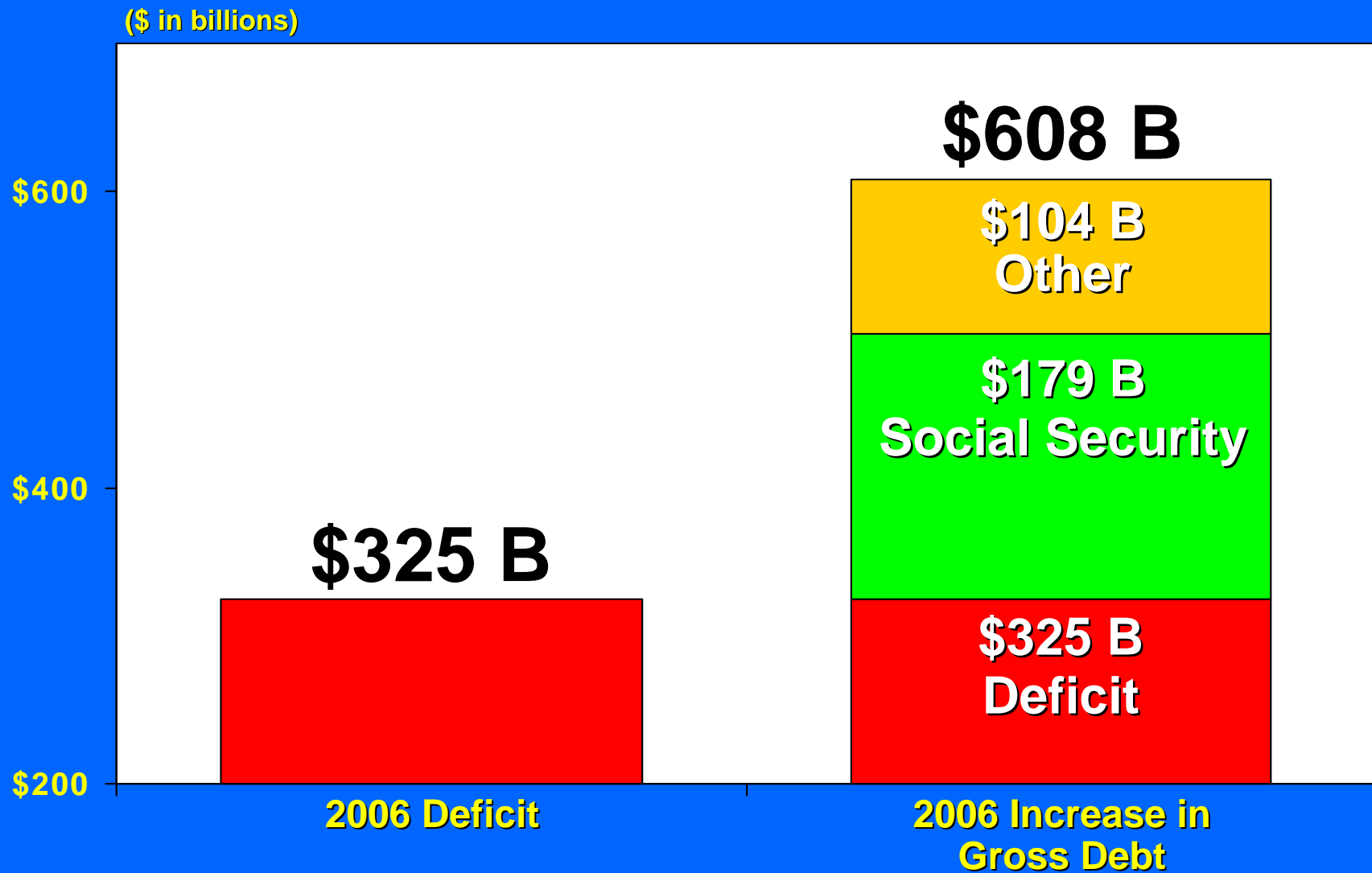
(Deficit in billions of \$)



Source: CBO, OMB, and SBC Democratic staff

Note: 2006 estimated based on May, 2006 CBO Monthly Budget Review

Increase in Debt in 2006 is Far Greater Than the \$325 Billion Deficit

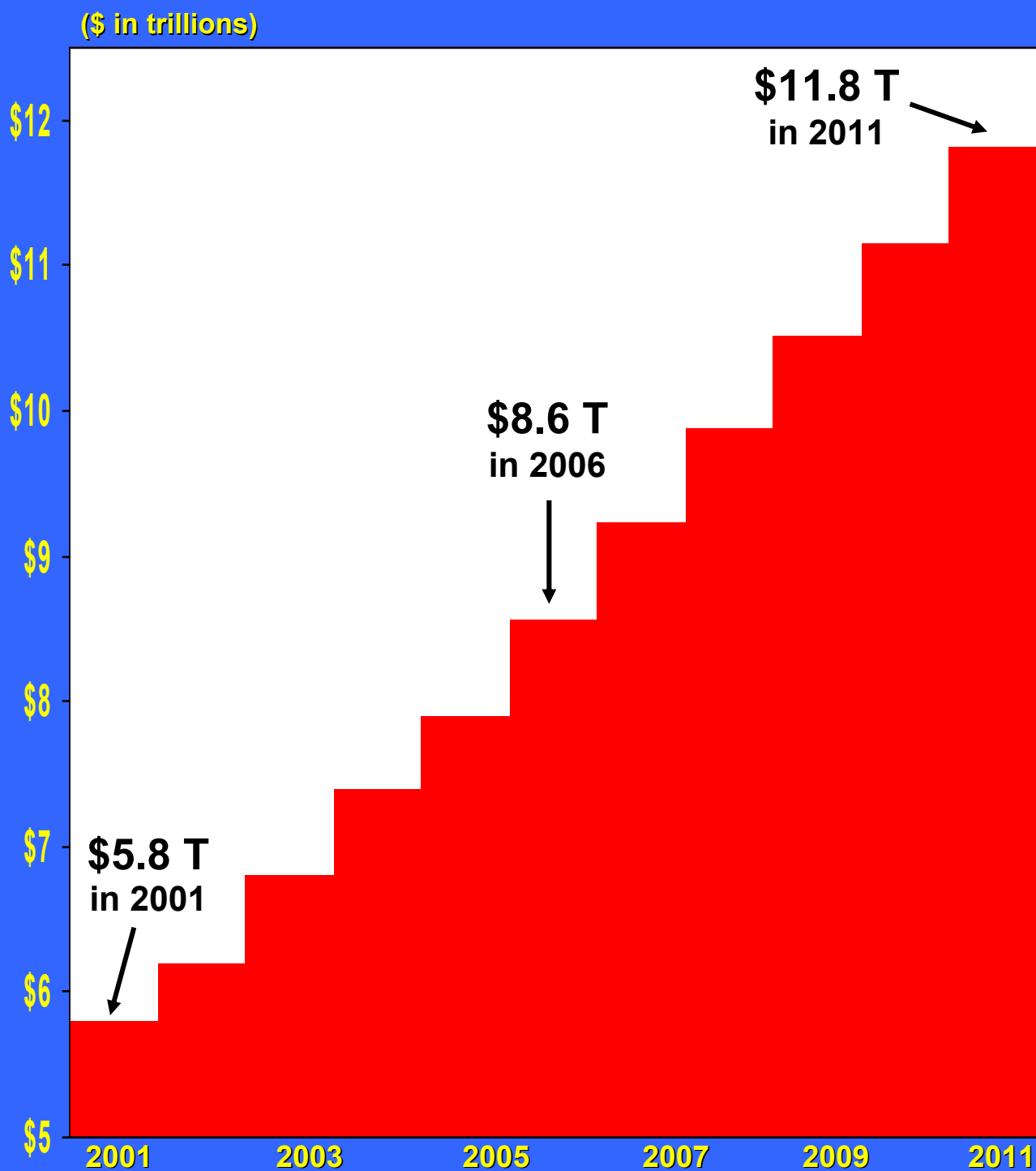


Source: CBO and SBC Democratic staff

Note: 2006 estimate based on May 2006 CBO Monthly Budget Review

Building a Wall of Debt

Gross Federal Debt Soars



Source: CBO and SBC Democratic staff

Note: CBO reestimate of President's FY 2007 Budget with AMT reform and ongoing war costs.

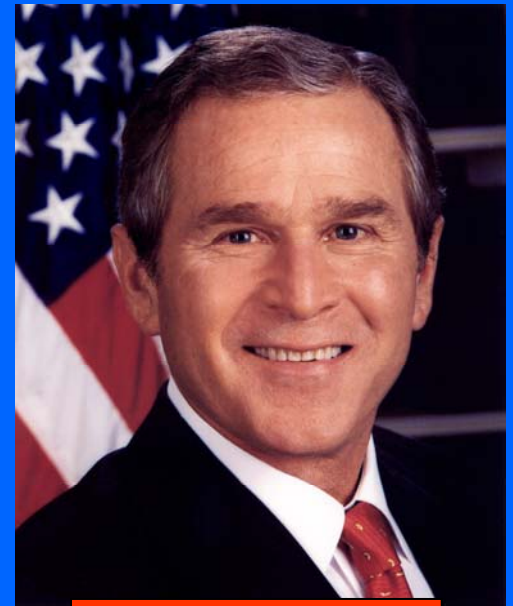
President Bush More than Doubles Foreign-Held Debt in 5 Years

It Took 42 Presidents 224 Years to Build Up Same Level of Foreign-Held Debt



\$1.01 T

224 Years
(1776-2000)



\$1.08 T

5 Years
(2001-2006)

Top Ten Foreign Holders of Our National Debt

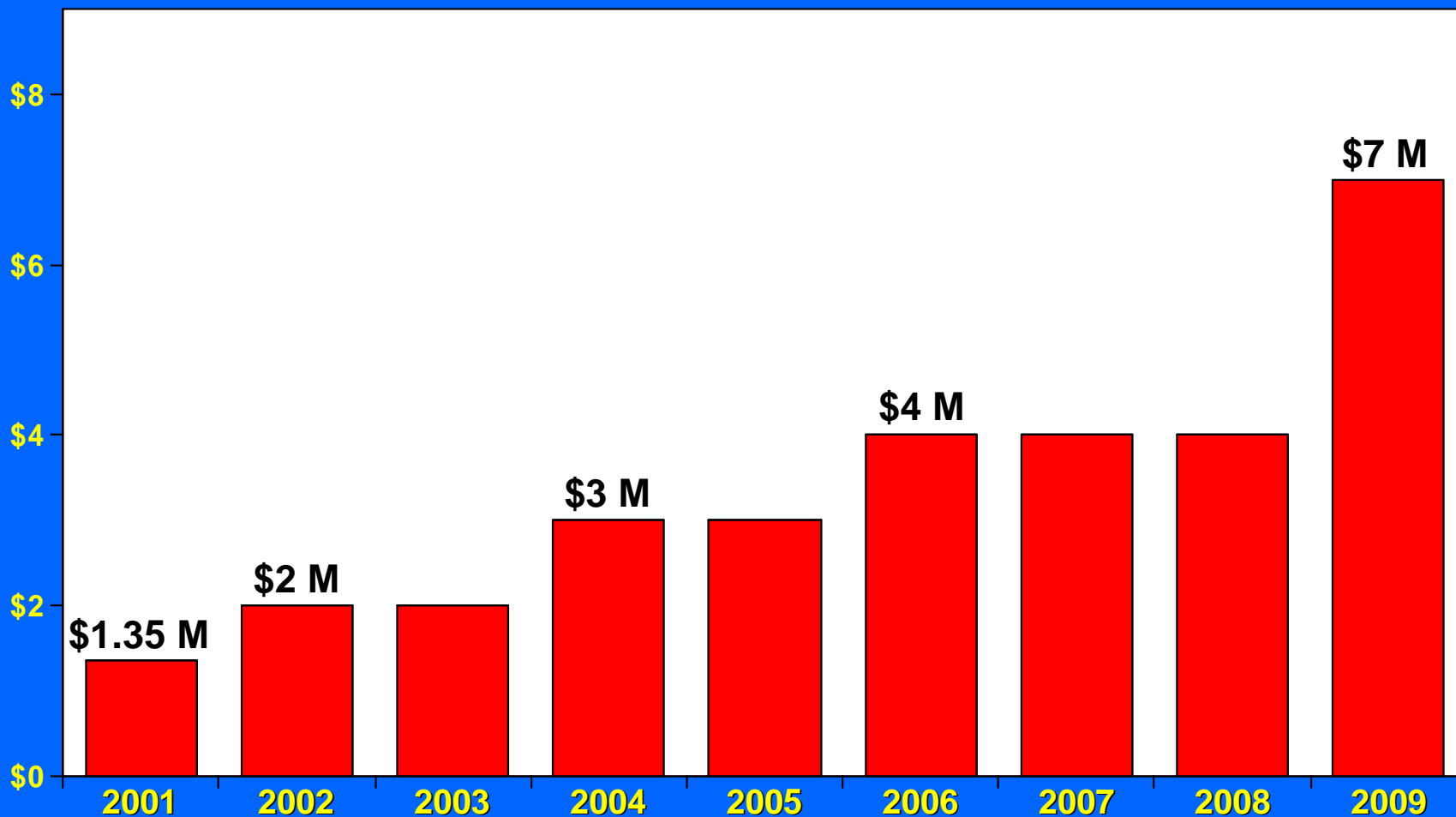
Japan	\$640 B
China	\$321 B
United Kingdom	\$180 B
“Oil Exporters”	\$98 B
South Korea	\$72 B
Taiwan	\$69 B
“Caribbean Banking Centers”	\$62 B
Hong Kong	\$47 B
Germany	\$46 B
Mexico	\$40 B

Source: Department of Treasury

Note: As of March 2006

Estate Tax Exemption Levels Under Current Law

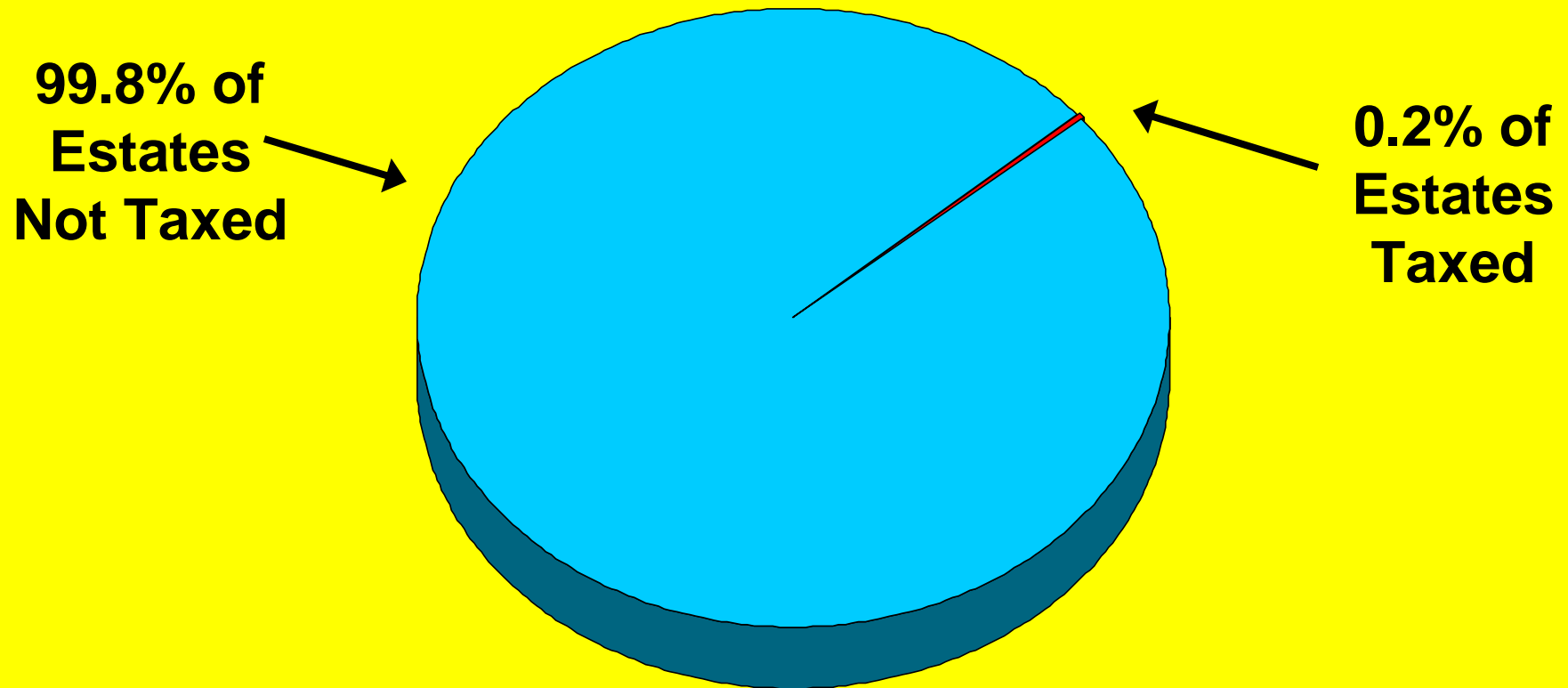
(\$ in millions)



Source: Public Law 107-16

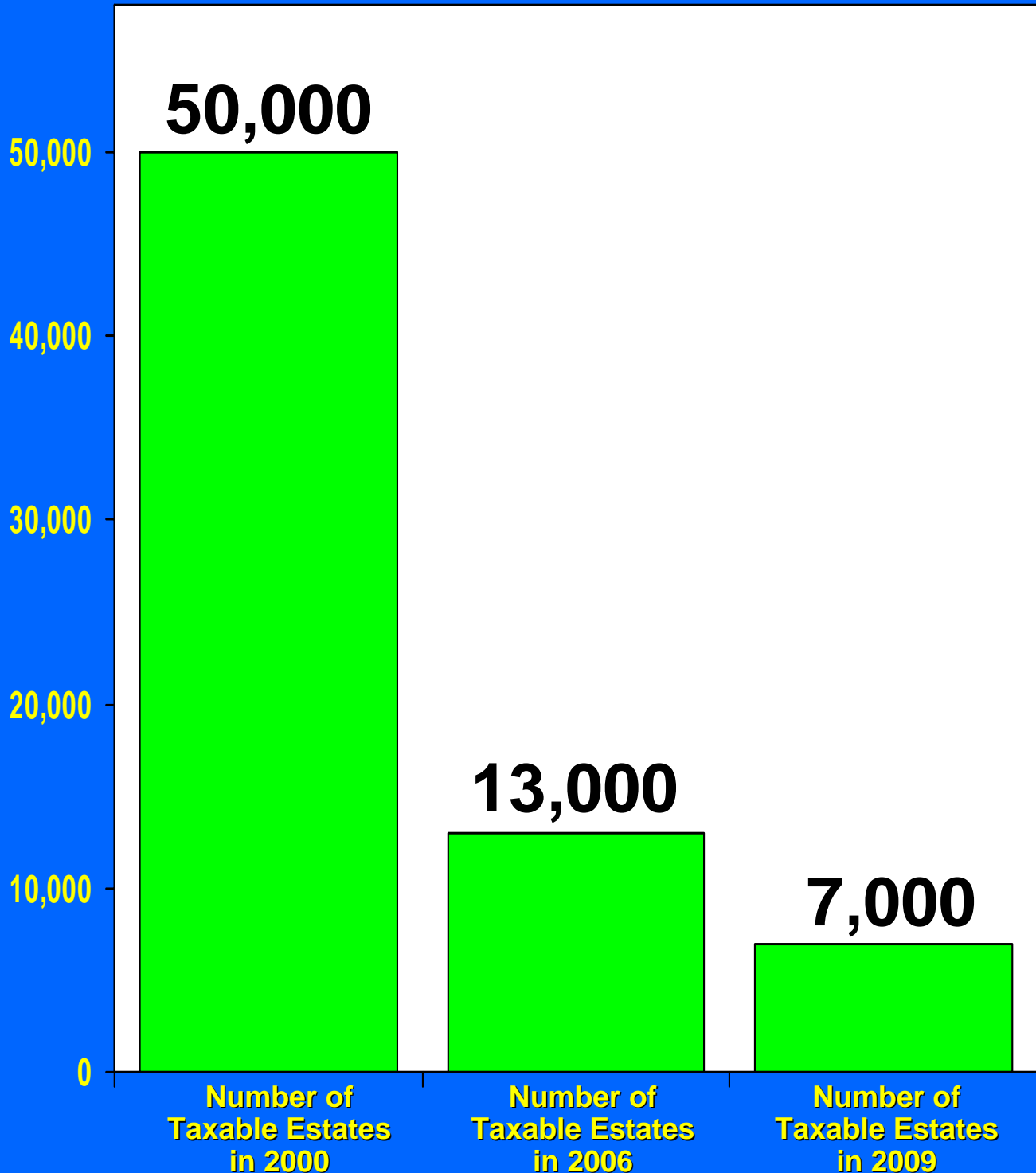
Note: Exemption levels for married couples shown

In 2009, Only 0.2% of Estates Subject to Tax



Number of Taxable Estates Falling Dramatically Under Current Law

(Number of taxable estates)



Source: CBO

THE HILL



WEDNESDAY, APRIL 26, 2006

Dynasties bankroll death-tax fight

By Elana Schor

As the Senate nears a planned vote on abolishing the estate tax, a leading government-watchdog group yesterday released a report cataloging the efforts of 18 business-dynasty families to bankroll lobbying campaigns against the tax.

Lobbying against the estate tax has grown into a cottage industry since the late 1990s, fueled by conservative groups opposed on ideological grounds and business magnates seeking the freedom to pass on assets to future generations. Foes successfully tagged the levy "the death tax" and played up its effect on family farms and small-business owners, winning passage of a phased estate-tax repeal as part of 2001's tax-cut package.

Yesterday's report, compiled by Public Citizen and United for a Fair Economy, lists 18 families that have made traceable contributions to the network of lobbying coalitions and advocacy groups at the forefront of the anti-estate-tax movement.

Among those singled out are the Waltons, who own a large stake of Wal-Mart; the Wegmans, whose self-titled supermarket chain has several branches in the Washington area; the Nordstrom department-store heirs; and Frank Blethen, the *Seattle Times* owner who donated ad space to the Family Business Estate Tax Coalition's (FBETC) campaign against the tax.

"The families hid behind trade associations and lobbyists to make their pitch... essentially buying what they wanted in Washington since 1998," Public Citizen

President Joan Claybrook said at the report's unveiling.

The FBETC, co-directed by the National Federation of Independent Business (NFIB), has re-energized its own lobbying effort in favor of full repeal, sending its 60-plus member groups to meet senators and holding weekly steering committee meetings. Although a Congressional Budget Office study concluded in July that fewer than 125 family farms would be hit with estate taxes under exemption limits passed in 2001, NFIB legislative-affairs manager Alex Crockett said the tax has hefty associated costs that do not necessarily go to government coffers.

"The opposition is quite often saying nobody's paying this tax and wealthy families just want to get rid of it," Crockett said. "Our guys are paying the tax. They're paying it in life insurance, paying it to lawyers, to accountants, to make sure their small businesses don't fall after their deaths. It may not go to the government, but they are certainly paying it."

The Public Citizen report also focuses on the families' attempts to influence centrist Democrats from rural areas who are considered potential swing votes on estate-tax repeal. Sen. Blanche Lincoln (D-Ark.), for example, received the third highest amount of any lawmaker from the 18 business dynasties and their company PACs. Lincoln introduced a bill that would accelerate phased estate-tax repeal for certain small businesses and farms.

The Senate estate-tax repeal vote is expected sometime next month, as Majority Leader Bill Frist (R-Tenn.) promised

during a February speech at the Conservative Political Action Conference. Last week, Frist sent a letter to GOP conference members outlining the Senate's schedule leading up to the Memorial Day recess and noted the postponement of a repeal vote that had been scheduled for August but was jettisoned after Hurricane Katrina.

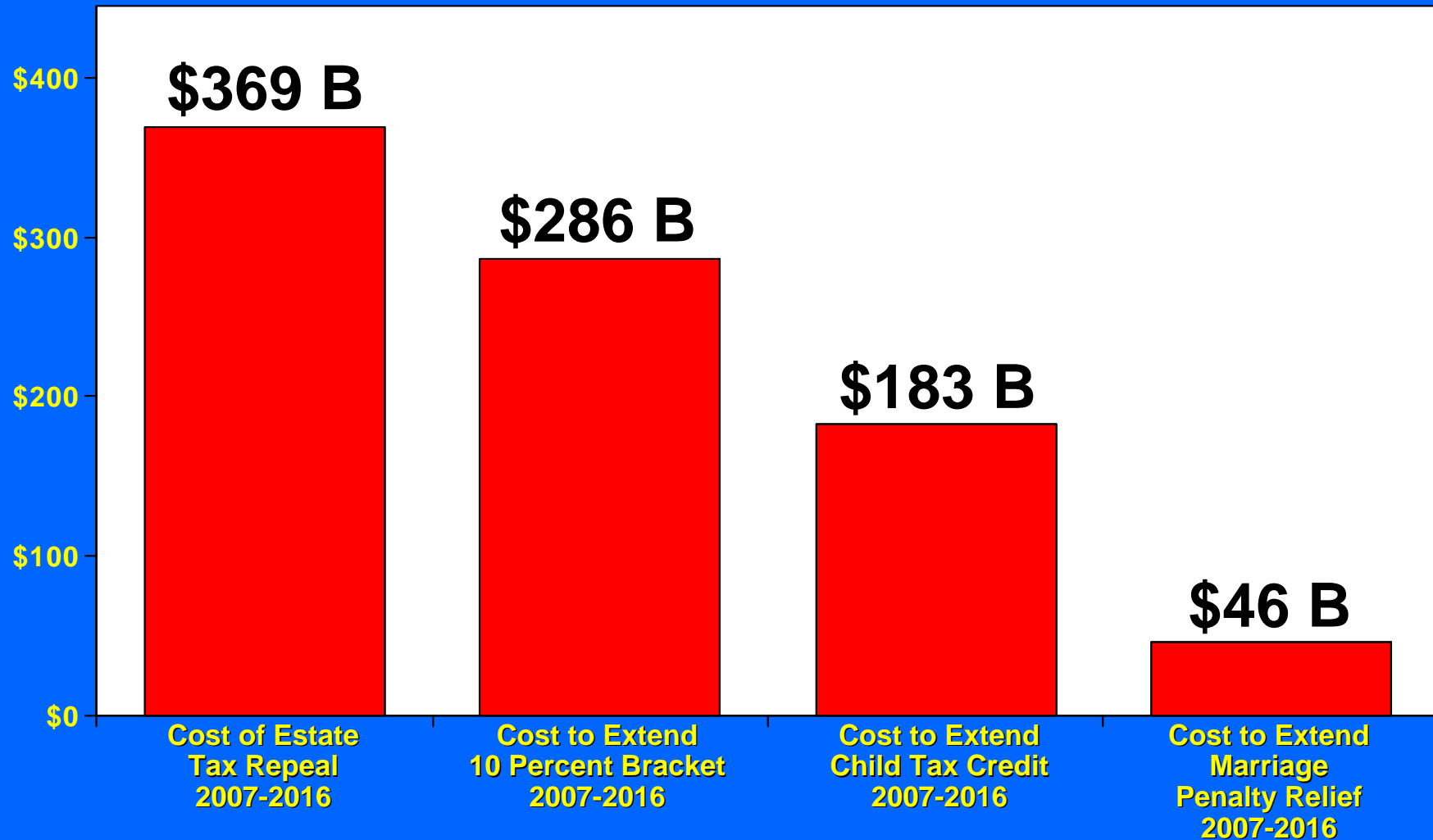
"Now is our time. Here is our moment. Let's end the death tax forever," Frist wrote.

Sen. Jon Kyl (R-Ariz.) has led negotiations on a compromise repeal plan that would gradually raise the estate-tax exemption levels, but Crockett said the FBETC has not seen a formal compromise and is focusing on securing an outright repeal.

Another watchdog group, fiscal-policy-centered OMB Watch, held a pro-estate-tax briefing with the grassroots lobbying group RESULTS during last week's congressional recess.

Cost of Estate Tax Repeal vs. Cost of Extending Middle-Class Tax Cuts

(\$ in billions)



Source: JCT

Hurricane Katrina Puts Estate Tax Repeal in Perspective

**“It’s a little unseemly to be talking
about eliminating the estate tax at a
time when people are suffering.”**

**– Senate Finance Committee Chairman
Charles Grassley (R-IA)
Associated Press
September 14, 2005**