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Outrage Over the Estate Tax Provision **By LAWRENCE HAAS**

The strange terminology and arcane ways of Washington often leave Americans bewildered and unsure of who to blame for a particular legislative decision. So we should welcome the occasions when differences between the political parties become crystal clear and there is little doubt about what each will fight for.

One such occasion has arrived with the inclusion in the Obama-GOP tax and spending deal a provision to further weaken the tax on estates when they pass from one generation to the next. If politics is, in the immortal words of political scientist Harold D. Lasswell, “who gets what, when, how,” we now know precisely how one political party would answer the who, what, when, and how.

It was at the insistence of Jon Kyl, the second-ranking Senate Republican and the GOP’s lead negotiator with the White House on the tax bill, that negotiators included this provision in a bill that was otherwise driven by the need to prevent President Bush’s income tax cuts from expiring for tens of millions of households and to continue emergency jobless benefits for the millions of Americans who can’t find work.

The estate tax provision, of course, has nothing to do with these noble purposes. Nor will it help accomplish the other main goal of this agreement, which is to spur economic growth and job creation.

Instead, it represents nothing more than greed, providing even more to those who already have so much.

In 2001, President Bush and Congress greatly weakened the estate tax, gradually raising the threshold before which estates are taxed from \$1 million to \$3.5 million (\$7 million for couples) and reducing the tax rate above those thresholds from 55 to 45 percent. Those were the rules in place in 2009. By then, only the top one quarter of one percent of estates owed any tax, and those estates paid taxes on their entire estates averaging less than 20 percent.

Under this new provision, the threshold will rise to \$5 million (\$10 million for couples) while the rate falls to 35 percent – giving the same heirs to the top one quarter of one percent of estates another huge windfall. This generous new provision would cost the nation an estimated \$23 billion in lost revenue (compared to extending the estate tax at the 2009 level for two years) and do nothing to help the economy or create jobs.

In the end, it was a provision that White House negotiators had to accept if they were to secure extensions of the improvements that President Obama and Congress enacted – as part of the 2009 American Recovery and Reinvestment Act – to the Child Tax Credit (to help low- and moderate-income working Americans), the Earned Income Tax Credit (to reduce the marriage

penalty for low-income couples), and the American Opportunity Tax Credit (to help low- and middle-income families pay for college).

To be sure, the origin of the estate tax provision is bipartisan; it's a proposal that Kyl and Sen. Blanche Lincoln, the Arkansas Democrat who lost her re-election bid this fall, have been shopping around Congress for years. They just never found the right legislative vehicle to turn their dream into reality. Nevertheless, it was Kyl and his GOP colleagues who insisted on its inclusion in the new tax bill.

To be sure as well, this provision is temporary, due to expire with the rest of the tax provisions in 2012. But, as with the others, it sets the stage for a further continuation -- if not a permanent enactment -- as Obama and Congress decide what to do with all of these expiring provisions in the 2012 election year.

I don't always agree with liberal Democrats these days. If Republicans can be too dogmatic from the right, Democrats are often their mirror image from the left.

But on this one, I share their outrage over the estate tax provision. At a time of weak economic growth and soaring deficits, it's the wrong benefit for the wrong people at the wrong time under the wrong circumstances.

"Most of us agree with almost all of what the president negotiated," Rep. Chris Van Hollen, a senior House Democrat from Maryland, said about the tax deal in general. "There is one thing that just was the choking point, and that deals with the estate-tax break."

Chris -- I'm choking with you.

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