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Statement of Sen. Chuck Grassley
Hearing, “Alternatives to the Current Federal Estate Tax System”
Wednesday, March 12, 2008

Thank you, Mr. Chairman, and thank you for holding this second hearing on the estate tax. As 2010 and 2011 are rapidly approaching, it has become imminently necessary to discuss and hopefully to determine the fate of the estate tax. As I have stated before, I believe that the death tax is fundamentally unfair from both a philosophical and technical perspective. I do not believe that it is appropriate for the government to come in following the death of an individual and tax the money that a person has legally earned and saved during his or her lifetime.

Additionally, since the estate tax has to be paid nine months after the death of an individual, many small business people and farmers have had to sell off their business assets simply to pay the death taxes arising solely because of the death of the prior owner. To me this situation is fundamentally wrong because death should not be a taxable event and the government should not be profiting from the death of its citizens.

While my personal view of repeal is firm, I understand that other alternatives need to be explored in order to come to a fiscally appropriate compromise prior to the sunset of the 2001 reforms and the return of the exorbitant rate schedules in 2011 following the one-year repeal of 2010.

Many of my colleagues have discussed changes to current rate and exemptions schedules and their suggestions are well received. However, beyond those suggestions, both the chairman and I believe that it would be helpful and informative to hear from academics and experts who have written extensively about potential complete alternatives to the estate tax. Additionally, we felt that in addition to today’s topics the committee needs to have another hearing to address other issues in the current estate tax system if it remains unchanged following the expiration of the 2001 reforms.

Finally, the chairman and I believe that it is important to draw on the experiences of other countries that have reformed or repealed the estate tax in order to make an informed decision on how this Congress can adjust or even repeal this divisive tax.

I want to thank our witnesses today for sharing their views about the reform of our estate tax system as well as their knowledge about the systems of other countries to help inform this committee about what the U.S. government might do next regarding the existence of the estate tax system.