



**Opening Statement of Chairman Joe Walsh
Committee on Small Business
Subcommittee on Economic Growth, Tax and Capital Access
Planning for the Death Tax: Can Small Businesses Survive?
May 31, 2012**

Good morning. I call this hearing to order.

I want to thank to our distinguished panel of witnesses, who have taken time to participate today. Special thanks to Karen Madonia, who hails from the Eighth Congressional District of Illinois. We look forward to all of the testimony.

Benjamin Franklin is believed to have written, “In this world, nothing can be certain but death and taxes.” Now, it seems, nothing is certain but uncertainty. For many years, death and taxes have gone together in the United States, but the structure of those taxes and the rates have varied greatly. For family-owned small businesses and farms, estate taxes are a significant concern.

Isn't it enough for them to worry about new and higher taxes, compliance with the health care law, additional regulations, accessing capital, and simply staying afloat while they are alive? But these small business owners must also try to blunt the impact of estate taxes following their demise.

If Congress fails to act by the end of this year, the current federal estate tax law will revert to significantly higher pre-2001 levels. And that's not including any estate taxes imposed by states.

Many small companies have non-liquid assets – capital that is tied up in real property, machinery and equipment – so heirs do not have cash to pay the estate taxes. Sometimes, a business must be sold – even at “fire sale” prices – so the estate tax can be paid. A Joint Economic Committee study found that, prior to 2001, the estate tax reduced capital formation by about \$847 billion. Capital that must be paid in estate tax is capital that is not available to be invested back into the business, to create jobs or to grow the economy.

Today, we will hear about the effects of the estate tax on small business owners. We look forward to your testimony.

Now I yield to Ranking Member Schrader for his opening comments.