



August 10, 2021

Dear Senator:

The Family Business Estate Tax Coalition (FBETC) writes to state our support for Amendment 3106 to S. Con. Res. 14, offered by Senator John Thune. Understanding the economic damage that stepped-up basis repeal via tax at death would inflict to family-owned businesses and farms, FBETC appreciates this amendment secures the continuation of stepped-up basis.

Stepping up basis when an individual who is a member of a family-owned business dies is critical to that business surviving the loss of a loved one and a business partner. Repealing stepped-up basis by imposing capital gains taxes when assets transfer ownership at death would force many family-owned businesses to liquidate assets or lay off employees to cover the tax burden. This new tax would be imposed on top of any existing estate tax liability, further compounding the negative impacts and creating a second tax at death.

By raising the tax burden on investment, the repeal of stepped-up basis via tax at death increases the cost of capital, which discourages investment and results in less capital formation. With less capital available per worker, labor productivity falls and with it the wages of workers and, ultimately, GDP and Americans' standard of living. A recent EY report forecasts that 80,000 jobs would be lost in each of the first 10 years and GDP would decrease by \$100 billion over 10 years if stepped-up basis were repealed by imposing a tax on unrealized gains at death. Additionally, for every \$100 of revenue raised by repeal via taxing capital gains at death, \$32 would come out of the paychecks of workers.

Understanding the value of stepped-up basis, the FBETC supports maintaining stepped-up basis in full, as both repeal and administratively unworkable carve-outs would represent significant and damaging tax increases on family-owned businesses and farms across the country.

We respectfully urge you to protect family-owned businesses from tax increases by supporting Amendment 3106 and oppose any efforts that would create unworkable administrative carve-outs.

Sincerely,  
Family Business Estate Tax Coalition