



# TTAA Legislative Update

March 1, 2021



## Small Business Maps Out Estate Tax Repeal Plans

The work is on to add as many cosponsors as possible before introduction of the Death Tax Repeal Act and several groups including TTAA have signed on to a coalition letter supporting the bill.

While we've yet to see what form it will take, we expect that Democrats with control of Congress and the administration will at a minimum propose rolling back some of the estate tax relief from the Tax Cuts and Jobs Act this year.

In his campaign tax plan, President Biden proposed reverting to 2009 law for estate and gift taxes - a unified \$3.5 million exemption and 45% rate, which would triple the number of families subject to the death tax according to CBO.

Last Congress, Senate Democrats proposed an infrastructure package partly funded by rolling back the TCJA doubling of the estate tax exemption and in 2019 House Democrats passed a disaster relief package partially funded by rolling back the TCJA estate tax improvements. In our estimation that makes this "tax the rich" pay-for-easy for Democrats to take back off the shelf.

As you all know, moderate Senate Democrats, including Sens. Manchin and Sinema, will play an outsized role in determining what tax increases can pass the Senate through budget reconciliation.

Both Sens. Manchin and Sinema have supported full repeal of the death tax in the past. We worked hard to secure Senator Manchin's death tax repeal pledge which we've already shared again with his staff, along with our coalition letter supporting repeal.

Small business owners are calling on both of these Senators and other moderate Democrats to reject any tax package that reverses the estate tax relief in the Tax Cuts and Jobs Act.

TTAA is also joining coalitions to oppose other potential tax hikes that make it harder for family businesses to pass to the next generation.



## Just The Beginning of New Tax Efforts

Sen. Elizabeth Warren (D-Mass.) on Monday unveiled legislation to create a wealth tax for high-net-worth households, furthering her efforts on an idea that was a central feature of her 2020 presidential campaign.

The bill called the Ultra-Millionaire Tax Act, would create an annual tax of 2 percent on the net worth of households and trusts between \$50 million and \$1 billion and a tax of 3 percent on net worth above \$1 billion. The rate for net worth above \$1 billion would increase to 6 percent if a "Medicare for All" health care plan is enacted.

The bill resembles a proposal that Warren released during her unsuccessful presidential campaign and frequently touted on the campaign trail. The rollout of the bill comes after Warren indicated earlier this year that introducing wealth tax legislation would be a top priority of hers as a new member of the Senate Finance Committee, which has jurisdiction over tax issues.

Warren said in a news release that her proposal could be a way to help pay for proposals to help the economy recover from the coronavirus-related downturn.

During a press conference on Monday afternoon, Warren said that a wealth tax is particularly needed "because of the changes in this country under the pandemic." She noted that billionaires have seen their wealth increase over the past year.

"A two-cent wealth tax would just help level the playing field a little bit, and create the kind of revenue that would let us build back better, as Joe Biden says," Warren said.

In an effort to prevent millionaires and billionaires from avoiding the wealth tax, the bill includes provisions to provide the IRS with an additional \$100 billion, require a 30 percent minimum audit rate for households subject to the tax, and create a 40 percent tax on net worth about \$50 million for people who renounce their U.S. citizenship in order to not pay the wealth tax.

Warren introduced the bill along with Rep. Pramila Jayapal (D-Wash.), the chair of the Congressional Progressive Caucus, and Rep. Brendan Boyle (D-Pa.), who serves on the tax-writing House Ways and Means Committee.

"The Ultra-Millionaire Tax Act will help level the playing field, narrow the racial wealth gap, ensure the wealthiest finally begin to pay their fair share, and invest trillions of dollars into our communities so we can make a real difference in the lives of people across America," Jayapal said in the release.

Several progressive senators also co-sponsored the bill, including Sen. Bernie Sanders

(I-Vt.), who, like Warren, called for a wealth tax during the 2020 Democratic presidential primary. The bill is also backed by a number of progressive groups and labor unions.

The bill is unlikely to be enacted in the near future. Biden has not called for a wealth tax, and Treasury Secretary Janet Yellen said last week that such a tax would have "very difficult implementation problems." But the release of legislative text to create a wealth tax is expected to further the debate among Democrats about how to best tax the rich and raise revenue to offset the cost of spending priorities.

Along with the release of the bill, Warren's office released a revenue estimate from University of California, Berkeley economists Emmanuel Saez and Gabriel Zucman finding that the bill would raise about \$3 trillion from 2023 through 2032, as well as two letters from law professors that argue that the proposal is constitutional.

Small business coalitions are opposing this proposal along with other new tax efforts that will slow the economy.

