



Death Tax Repeal Act

EXECUTIVE SUMMARY

The Death Tax Repeal Act (H.R.1301/S.587) is a bill that permanently repeals the federal estate tax. The estate tax, commonly known as the “death tax,” is a tax imposed by the government when someone passes away and leaves behind a large amount of money or property. When a business owner passes away, the value of their business is included in their estate and will be taxed up to 40% if it exceeds a certain threshold. This poses a significant threat to family-owned businesses, forcing many to sell assets or take on debt to cover the tax liability. Repealing the estate tax will provide much-needed relief to these families, allowing them to preserve their legacies and pass on their businesses to future generations without facing crippling tax bills. It will also free up capital that can be reinvested in businesses to create jobs and stimulate economic expansion. This bill currently has 187 House and 46 Senate cosponsors in the 119th Congress.

The estate tax is a 40% tax on the full market value of all your assets, including your family business, above an individual exemption amount, that must be paid within nine months from the date of death. For 2024, the tax applies to estates valued at over \$13.6 million for individuals and \$27.2 million for married couples. The Tax Cuts and Jobs Act of 2017 doubled the estate tax exemption from \$5.49 million in 2017 to \$11.2 million in 2018 and indexed future increases for inflation through 2025. However, without further congressional action, the temporary exemption increase will expire at the end of 2025, and the exemption threshold will drop to \$7 million in 2026. This means that family members inheriting the business will face substantially higher tax bills, potentially forcing them to sell off assets or take on debt to cover the taxes owed.

Family business owners tend to be asset rich and cash poor, which often leaves them with large estate tax liabilities but no cash on hand to pay the tax. For many family-owned businesses, this tax poses a serious threat to their continued operation and success. Often, families are forced to sell or break up their businesses to pay the tax, leading to the loss of jobs and economic impact in local communities. The estate tax is also imposed on assets that have already been subject to income and capital gains taxes during the business owner's lifetime. This double taxation undermines incentives for business owners to save money and reinvest resources back into their businesses. Repealing the estate tax will create a fairer and more simplified tax system that treats all individuals equally under the law.

NLBMDA is urging leaders in Congress to move forward with a full repeal of the estate tax to spur job creation and grow the economy. This will provide much-needed relief to entrepreneurs and small business owners who are the backbone of our economy.

POLICY RECOMMENDATIONS

Protect family-owned businesses and promote economic growth by permanently repealing the estate tax.

REQUEST

NLBMDA is asking House and Senate lawmakers to support, cosponsor and pass the Death Tax Repeal Act (H.R.1301/S.587).

For questions, contact Matthew Delaney with NLBMDA at mdelaney@dealer.org