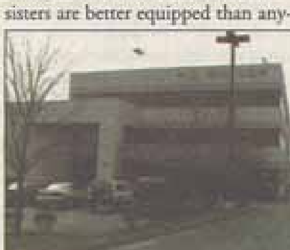
Death Tax Chronicle

DOCUMENTING THE COMPELLING CASE FOR REPEAL OF THE DEATH TAX VOL. I NO. I

"Tea Party" Threatened by Death Tax

FAIRFIELD, Conn.–Lori and Cindi Bigelow are a team. Aside from being sisters, friends and coworkers, they are also the creative and operational team that has helped the Bigelow Tea Company remain a market leader in innovation and production of specialty teas. Bigelow Tea is a company their grandmother started, their parents inherited and drastically expanded and which they hope will someday be passed on to them to carry the torch well into the 21st century.

Both Cindi and Lori Bigelow serve as executive vice presidents of the company and individually they have worked in nearly every division of the enterprise in senior positions. The sisters are better equipped than any-



one to run the company once their parents decide to retire from the business. It's a shame that a problem outside of their control could potentially derail the Bigelow Tea Company from becoming a third-generation company. That problem is the Death Tax.

Bigelow Tea, founded by Ruth Campbell Bigelow, was a fledgling family operation until 1955, when the Bigelows hired their first employee. As the first specialty tea maker in the United States, its growth was modest at the beginning. By 1960, it had fewer than 10 employees and by 1970, only 25. But by 1980, as the company was passed from Ruth Bigelow to her son David and his wife Eunice, Bigelow Tea expanded at an accelerated speed. Over the next decade, the company added an additional 150 employees and two more additional plants, in Boise, Idaho, and Louisville, Ky. Combined, the three plants now employ more than 350 people. The first employee hired at each location, including the one hired back in 1955, still works at that plant.

Bigelow is committed not only to its employees, but to the communities it resides in. Employees have raised money for local charities; helped build playgrounds; tutored disadvantaged children; worked with the handicapped; and donated time at local colleges. Recently, Ernie Fletcher, Governor of Kentucky, honored Bigelow's Louisville employees for developing a community recycling program.

Community involvement is not just for the rank-and-file Bigelow employees. Cindi Bigelow is the leader of Bigelow's road race committee, serves on the board of the Fairfield Y.M.C.A. and assists with senior marketing projects at a local university. Lori Bigelow serves on the board of the Tea Council. David and Eunice Bigelow are major supporters of the Norwalk Hospital in Norwalk, Conn.

In 2002, Bigelow Tea was named "Family Business of the Year" for the state of Connecticut as awarded by the University of Connecticut Center for Large Family Business. In another competition, it was also awarded the top prize for community involvement. And those are just some of the many awards that have

Bigelow employees enjoy their 2004 company picnic.

come the company's way over the years. Bigelow Tea is truly an asset to the communities in which it operates, to its employees and to the nation. But all of that might be thrown away if the Death Tax isn't buried permanently.

The Bigelow Tea Company is typical of the many family businesses that are so important to the U.S. economy. They confront challenges, pursue opportunities and achieve success through the personal efforts of their employees. Many individuals depend on the continued success of the company. The Death Tax, however, puts the continuity of ownership—and thus the basis for the company's ability to prosper—in serious peril.

Bigelow Tea has employed several strategies to ameliorate the effect of the estate tax, such as charitable trusts, key-employee life insurance and other permitted estate tax planning vehicles. As the company continues to grow, however, and the owners continue to age, funding these tax-reducing vehicles becomes prohibitively expensive. If the company is forced to liquidate its ownership of the family business for the primary purpose of settling a Death Tax assessment, there will be many losers. Jobs will be lost. And, in the end, the communities that rely on continued company support will be the ultimate losers.

The *Death Tax Chronicle* is brought to you by the Family Business Estate Tax Coalition — 1201 F Street, NW, Suite 200 Washington, DC 20004 (202) 314-2028

Community Loses If Death Tax Kills Local Business

SEPULVEDA, Calif.–Through Leonard Moore's hard work and perseverance, Moore Industries has grown from a makeshift desk in a spare bedroom to one of the leading manufacturers of interface instruments. Although the company has operated successfully since 1968, its future outlook is in question due to the uncertainty surrounding the current estate tax ("Death Tax").

Current law gradually phases out the estate tax in 2010 but then brings it back in 2011. Unfortunately, explains Moore, founder and CEO, "Moore Industries—and many homegrown businesses like it—is in jeopardy pending the Death Tax issue. Uncertainty in this area is troubling for family-owned businesses because large estate tax bills could cause the heirs of a family business to sell off portions of the company. The burden of paying the Death Tax could lead to a business's demise, displacing many hard-working American workers."

Small businesses like Moore Industries are an integral part of the American dream and the U.S. economy. Despite any economic obstacles it has encountered, Moore Industries has been successful in remaining a family-owned business. While focusing on the business, Moore Industries also has reached out to its workers and the community by offering substantial education, financial and family benefits; promoting science and technology; providing mentoring, career opportunities and assistance to colleges, universities and students; and educating other professionals.

"We have worked hard and provided vast opportunity for many in our community," says Moore. "My family has worked tirelessly to grow the business into one that truly exemplifies family values, but without repeal of the Death Tax, we risk losing everything we have worked to build over the past 37 years. Congress has a responsibility to protect the American worker and the family-owned companies that contribute so much to this country, and we hope that it will act this year and repeal the Death Tax for good."

Losing the Wide-Open Spaces in Fort Worth

FORT WORTH, Texas–Located in the heart of the most historic stockyard district in the United States lies a tract of land that is today still held by a family ranching operation. Tarrant County Texas and the Historic Fort Worth Stockyards are perceived by many to be the birthplace of America's cattle industry.

The Fort Worth Stockyards was once the epicenter of a revolutionary industry that has been a leading force within our nation's economy for centuries. This fact just adds to the passion that drives Pete Bonds to hold on to his family's ranch.

"My dad bought the ranch in 1933 from part of the Hicks Ranch. It is the only open space still left in this area," said Bonds. "If someday I am forced to sell the entire ranch to pay the Death Tax, there will be no open spaces within any reasonable distance of downtown Fort Worth."

"My family has and continues to deal with the Death Tax," stated Bonds. "Dad was forced to sell part of the ranch to make way for an easement that allowed access to the power plant that was built on Eagle Mountain Lake. Fortunately, that transaction provided Dad with the funds to pay gift taxes so that he could pass the ranch onto his children. However, Dad passed away just outside of the six-month grace period allowed by the government, so the IRS still came back on us with a lawsuit. I know I will not be able to keep all of the ranch. I'm already in a situation where I have to sell off a large portion. However, my goal is to be able to maintain at least 1,000 acres of it as a cattle operation."

"The way things are now, the ranch can't even sustain the cost of the insurance policy I maintain to cover the Death Tax. That policy costs me $48,000 every year. With all the land in operation, the ranch can only produce 400 head of cattle and in a good market, a fourth of my total gross income would go just to pay insurance." Bonds is adamant about keeping the ranch in his family, but with the Death Tax in place, he is not sure if that goal is even realistic anymore. What bothers him most is not only losing the land his father passed on to him, but what it does for the open space in his hometown. As Bonds stated, once those spaces are gone, we can never get them back.

Ranch Sold To Pay Taxes

CALHOUN, Ga.–With an upcoming vote on the permanent repeal of the Death Tax expected in the Senate, people from all across the country are weighing in on the effects of the crippling tax on their businesses' longevity. In a debate that some would like to paint as affecting only the richest of the rich, the facts seem to reveal otherwise. Just ask Sam and Ann Payne, lifelong ranchers from a little town just up I-75 from Atlanta, who are coming to grips with the harsh reality that they might have to sell their ranch, which has been in their family since the early 1800s.

"I really thought this was going to be repealed a long time ago, and I was counting on that," Sam Payne said. "It really hurts the middle class, like us, not the rich folks, just people like me."

The first time the Paynes felt the inequities of the Death Tax was when Sam's father died in 1968. The fees then were bad, but they were nothing compared to what happened six years ago after Sam's mother passed away, when they were hit again. This time, the taxes were even more exorbitant.

"We had to pay close to $400,000 in estate taxes," Payne said.

Part of their problem has come from the drastic rise in their property's value, as the Atlanta suburbs have slowly extended to basically surround them. As ranchers, though, they ran into a Catch-22.

"Most of us in agriculture don't have much cash on hand. Our land is our asset. If you have to sell your land, you're pretty much out of business," Payne said.

But that's precisely what the Paynes had to do six years ago to cover their Death Taxes. They sold some land to local developers, including their local airport, to build on. With every square foot they are forced to sell away, that's a square foot that they won't be able to eventually pass on to their own children.

"At a certain point, you sell off too much land and your farm gets so small that you are not a viable agricultural unit, making it difficult to turn a profit," Payne said. "Lifting the Death Tax permanently would help everything for my family!"

Death Tax Could Rob Community Of Successful Family Business

LIMA, Ohio–Leo Hawk is an American manufacturer and he wants everyone to know that it is important for Congress to finally pull the plug on the estate tax, aka the Death Tax.

For 50 years, his family has owned and operated American Trim in Lima, Ohio, putting in the long hours and hard work needed to make a business successful. The company was founded in 1951 as a tool-and-die shop and has expanded to become an advanced parts manufacturer with significant operations in Ohio, Alabama and Pennsylvania.

American Trim has built its reputation by using leading innovation and technology to design, finish and form metal products for the transportation, office furniture, major appliance, building products and sports and leisure industries. A "partnered" systems approach between customer and supplier improves the product's inherent quality, increases production efficiencies and minimizes risk, which creates an optimal value solution for consumers.

Over the years, Hawk has tried both to generate profits and to be an important member of the community. Not only does he provide 1,500 people in the community with good jobs and benefits, he also gives back to the community in other ways. Almost 10 years ago, Hawk sponsored a program new to Lima called the Laws of Life Essay Contest, which stresses the core values, ideals and principles by which to live. The Laws of Life Essay Contest was initiated nationally by Sir John Templeton in 1987. It invites young people of high school age to express the ideals and principles that mean the most to them. The contest enables students to think about the values that will guide them the rest of their lives, using challenging creative-writing activities. Since its inception, contest winners have received more than $100,000 in prize money.

According to Hawk, one of the great things about being a family-owned business is the ability to make decisions without outside interference. While he does consider many other issues when coming up with a business plan or designing a new product or service, Hawk said that ultimately the joy of being in control is what makes being a family-owned business worth the effort. It also may be why this nation creates so many entrepreneurs and so many home-grown success stories, he added.

That is why Hawk is concerned about the Death Tax. Hawk wants to know that, when he dies, his family can keep American Trim alive and continue the traditions built and nurtured over the years. Hawk is urging Congress to help his home-grown business and thousands just like him by getting rid of the Death Tax permanently.

"The families of America who have worked so hard to make it—in manufacturing or in any other field—deserve to know that their families won't be put out of business because they cannot afford to pay off large tax bills rendered after the owner dies," said Hawk.

Death Tax Could Lead to Job Loss For 110 Workers in Rhode Island

PROVIDENCE, R.I.–When Cecil Ferguson started Ferguson Perforating in 1927, he didn't realize that the growth and success of his business could leave his grandchildren with a great tax burden. A successful manufacturer of perforated products used in sugar refining, naval shipbuilding and aircraft engines, the company now operates facilities in Rhode Island and Pennsylvania and employs 110 workers.

Ferguson passed away in 1988 and his son Bruce Ferguson continues to operate the business. "I have worked in this business for more than 30 years and it breaks my heart that the business my father started more than 77 years ago may be sold to pay for the estate taxes," explained Ferguson. "It is particularly frustrating to me because my estate is made up of business assets that cannot be turned easily into liquid assets without sale of the company."

Ferguson said, "I want my children to have the option to continue the business after I am gone, but if the Death Tax continues, there will be no business to pass on. Business assets should not be taxed unless they are sold. This would allow a business to be passed on to family, or possibly employees, and the organization would have the chance to prosper and grow."

Under current law, the estate—or "Death"—tax phases out slowly and is eliminated in 2010 for one year, but returns again in 2011 because of congressional budget procedures. Legislation to permanently repeal the Death Tax has passed the House several times, but has hit a roadblock in the Senate.

"Our company is a rarity these days; we employ multiple members and generations of several families. I hate to think of all those hard-working people losing their jobs when I die. Congress must end this tax for the good of the employees of privately owned businesses," said Ferguson.

Third Time Not the Charm For Beleaguered Family

HIXON, Tenn.–Lewis Card, Jr., explains how the Death Tax has hurt his family's various businesses over the years and forced ownership changes to avoid dealing with this anti-competitive tax.

Card's family started a business in the 1930s after they invented a carpet tufting machine that sped up the process for producing carpet. The process is now used to make some 95 percent of the world's carpets.

"In 1938, my great uncle Joe Cobble started Cobble Brothers and my dad joined them in 1939. Due to Joe's failing health, Dad needed to sell the company in 1960 to Singer Corp. in order to prepare for Death Taxes," Lewis said.

"Shortly after, my dad and uncle started a new company that later became Tufico Corp. Due to Dad's health and to prepare for Death Taxes, in 1977 they sold that company to a holding company out of New York called Dyson-Kissner-Morran Corp."

In 1981, Card and another relative, Charles Monroe, started Card-Monroe Corp.—the third generation and the third business for this family. And for the third time, it may be the Death Tax that forces a sale of a successful family-owned business.

"We are now in our mid- to late 50s and need to start considering what we will do to settle our estates. As you well know, if a business changes hands outside of a family, the odds of it succeeding are very slim," Card said.

He hopes that the Death Tax can be eliminated as a way to restore fairness and eliminate a very unfair tax.

Old-Fashioned American Success Story Threatened

BUENA VISTA, Ga.–In 1969, a man with a dream started a small furniture and cabinet business in his backyard shed. With nothing but his good name and ambition, Wesley Weaver borrowed $3,500 from the local bank to build that small shed to house his business. After working 12 hours a day at an unrelated job, he would return home to eat supper and check on his family. Then he would go to his shed to work until midnight on his new endeavor.

Three years later, Weaver's business had grown and he began working full time as a cabinet and furniture manufacturer. This was a major step, and his hard work paid off. The company soon expanded from 10 employees to 40, and then 50. Over the next 22 years, Weaver built three lumber mills, six dry kilns, a lumber-planing operation and a furniture plant employing 310 people.

In 1991, he saw opportunity and sold these businesses. Yet, instead of retiring, he started Oakcrest Lumber, which operates a sawmill and manufactures hardwood flooring. This successful lumber company now employs 110 people.

Unfortunately, all of Weaver's efforts have left the next generation with the specter of a huge tax liability. The company has paid millions in taxes over the years, and yet it could face further taxation when Weaver dies. The same dollar that has been taxed for years will be taxed again. The Death Tax will suppress the characteristics that made Oakcrest Lumber the business it is today and will likely lead to job loss.

"America needs to create more ways to encourage people to start businesses and refrain from punishing hard work and success. If this well-founded company cannot survive the death of its owner, where will the 110 employees find work?" says Roland Weaver, Weaver's son and vice president of Oakcrest Lumber. Roland Weaver feels strongly that the Death Tax should be repealed permanently and that the discussion should not focus on the rich, but on the men and women of this country who took risks to make a better future for generations to come. He said, "The future of family business is at stake. The Death Tax must be stopped."

Will Lightening Strike This Thriving Company Twice?

LINDSTROM, Minn.–Plastic Products Company should be a modern-day American success story. Almost half a century old, this family-owned injection molding company has grown from a one-man tool-and-die shop into an employer of more than 800 people that generates sales approaching $100 million. But Plastic Products has a very serious problem: the Death Tax.

"I have been the president of this company for 43 years and have worked hard over that time," Marlene Messin said. "But now when doing estate planning I have to be prepared for my children to pay estate taxes on all of the money we've already paid income taxes on."

Messin has been through this song and dance one time before. Her husband Willard Smith, who started Plastic Products, died in 1975. He willed the company to her and his adult children and they paid estate taxes on the company at that time. Since then, Messin has grown her company and supply network drastically, opening up additional plants in Minnesota, Iowa, Illinois and Kentucky. Now, as she looks down the road to a time when she will try to pass on a company she has built with her own sweat, initiative and foresight, she worries that her children might end up having to sell the company simply to pay the taxes on it.

"This tax policy is unfair for small businesses—we have paid taxes on our income and then we have to pay on what our income has allowed us to acquire," Messin said.

On top of worrying about increasing health care costs, escalating fuel costs and additional trade threats from abroad, Messin and Plastic Products now have to worry about one more peril that will penalize her company, possibly to the point of extinction, *for being successful.*

"It is the most unfair tax around," Messin said. "Ultra-wealthy people are not really affected by the estate tax because they have many tax shelters to keep their money in. That is not the case of the small and medium-sized businesses and farms."

Unless this tax is repealed, it looks as if Messin's children might be forced to sell the company that their father started and their mother worked so hard to build: a company that exemplifies the ingenuity and resourcefulness of the American spirit, one that stands as a prime example of why the repeal of the Death Tax is necessary.

Death Tax Could Mark End of This Long-Time Manufacturer

ODESSA, Mo.–The owners of Acutek, Inc.—the third-largest employer in Odessa—are concerned that the estate tax (or, as everyone there calls it, the Death Tax) could end up killing the business.

Acutek has been in operation for 30 years. Most of its employees have been with the company since the beginning and feel a connection to the company. Even if one of the owners passes away, the Death Tax should not be allowed to break the bonds formed over the years at Acutek.

Acutek employees represent 35 families who, in turn, support the gas stations, grocery stores, pharmacies, banks, sporting goods stores, general stores and other businesses in the community. The company also supports its community through the sponsorship of sports teams, the local newspaper, the educational system and the senior citizens' organization. All of this support would disappear if the company were forced to liquidate to pay its taxes.

Rebecca L. Snow-Cessor, vice president of Acutek, is urging Congress to help family-owned businesses by getting rid of the Death Tax once and for all. It is supposed to run out in 2010, but then come back the very next year in 2011. Unless everyone who owns a family shop dies in 2010, the tax will continue to plague these businesses for years and years to come.

"Help us," said Snow-Cessor. "As independent business people, we don't ask too often, but in this case, we need help to remove one more obstacle from the road."

Cutting-Edge Supermarket Looks To Cut Taxes

ALBANY, Calif.–Andronico's is a third-generation family enterprise that was founded in 1929. The company employs more than 1,000 at its 10 Northern California supermarkets, but the family fears that its ability to maintain the enterprise into the fourth generation may be compromised because of the Death Tax.

Andronico's is more than your typical supermarket experience. CEO William Andronico's strategy is to transform grocery shopping into a sensual and sensory experience for his customers. Andronico encourages his guests to take their time and learn about the food he sells. He includes a full kitchen in his stores to bake bread and make other ready-prepared foods. His stores also feature a meat-grinding locker, a wine-tasting bar and a full-service bakery. Several of his stores also incorporate kitchen stores, which are stocked with hundreds of the latest cookbooks and gadgets. Shoppers can attend in-store cooking classes and wine-tasting events. "Our target customers are people who like food and enjoy the creation of good food," he said.

Andronico's has been catering to its shoppers since 1929, when Andronico's grandfather opened the first family store in Berkeley, Calif. Later joined by his son, the two Andronicos worked side by side building the business, expanding its presence in the East Bay area in step with the region's mushrooming, post-World War II growth. Andronico's father, John, took over the business in 1978 and wrought a number of changes, dropping the "Park and Shop" name in 1986 and calling the stores, simply, Andronico's. William Andronico joined the business full time in 1979. He then began introducing the special "extras" that have enabled the stores to carve out their own market niche.

Like all successful business owners, the Andronicos planned ahead. John Andronico, his son recalls, began careful estate-tax planning after his own father passed away in 1978. When John died in March 1999, leaving his son in charge, it was a time of grief for the family but also a reminder that the federal estate tax is a major presence looming over the family's future.

At 47 and with an expanding business to run, Andronico doesn't like to dwell on estate planning; it's too soon to know whether his three children, ages four to 12, will want to join the business. But wondering about the family's future is only one aspect of the influence of the estate tax. "By any yardstick, we're a successful, growing business, but because it's a family operation, and with no certainty that the next generation will stay in the business, you can't help but feel somewhat hesitant about the future," he said.

"A family-owned business typically will have a long-term planning horizon because it's important to create something that is lasting and can survive from one generation to the next," Andronico continued. "The estate tax is mistaken policy—it threatens your ability to pass on your business and it must be repealed."

Ranch Threatened by Tax Code

SEMINOLE, Okla.–Few things in this country last for five generations. With a few notable exceptions, one would be hard-pressed to name a handful. Even the modern American muscle car, the Chevrolet Camaro, lasted only four generations. But a model of longevity over the past five generations, spanning three separate centuries, has been the Canadian Valley Ranch in Oklahoma. Owned and operated by Richard and Lisa Hefner, her grandfather before her, his grandfather before him, and so on, the ranch has been a modern marvel of endurance. Now, in the prime of their lives, Richard and Lisa are dealing with a harsh reality that thousands of ranchers, farmers and business owners just like them are also contemplating: Should they even attempt to pass their business on to a sixth generation— their kids?

"As parents, the Death Tax stops us from creating a future for our children, and as a mom, that is very important to me," Lisa Hefner said. "Now, at 44, should I learn something new? Should I let my children even learn about the ranching industry?"

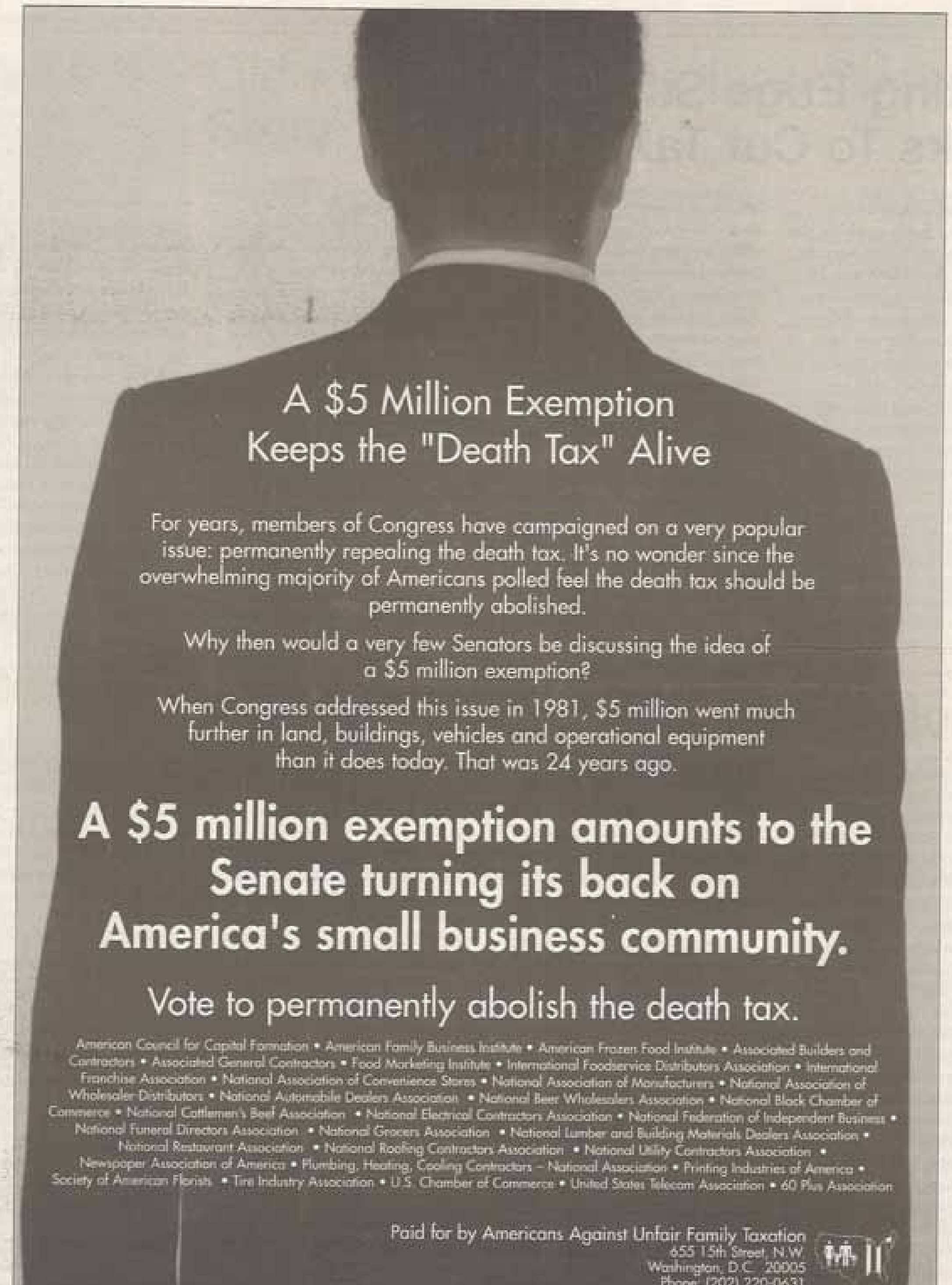
Lisa and Richard know how difficult it was for them just to stay afloat the first time they dealt with the Death Tax, when she inherited the ranch from her grandfather after his death. Now they are realizing that unless the Death Tax is repealed, it is going to be even more difficult when she tries to pass the ranch on to her children or grandchildren.

"I know firsthand what the Death Tax can do—I had to sell everything of value when my grandfather left the ranch to me. That meant his and his father's 100 years of perfecting genetics in a herd of cattle, work that cannot be replaced, had to be sold first. Then, all of the equipment had to be liquidated," Lisa said. "Those were the only two ways we could raise the cash needed to pay the Death Tax. The land couldn't sell for $50 an acre, even though it was worth about $250 an acre."

Lisa and Richard have worked hard their entire lives to provide a good life for their children and to have something that they would be able to pass down to them when they die. Without the repeal of the Death Tax, their chances of being able to do that diminish drastically.

"We should work hard all of our lives and then be able to leave the fruits of our labor for the next generation," Lisa said.

> "The Death Tax is particularly tough on anybody who farms or ranches. It's a tax that keeps taxing somebody's assets over and over again… you get taxed by the income tax, you die, you keep paying taxes even after you're dead. It's not a fair tax. And we got rid of it… Except for, there's a quirk in the rules in the United States Senate that means that after 10 years, it's conceivable that the Death Tax doesn't go away. The House made the repeal of the Death Tax permanent. It is time to get rid of the Death Tax forever."
>
> — *President George W. Bush*
> Sioux Falls, S.D., April 24, 2002


A $5 Million Exemption
Keeps the "Death Tax" Alive
For years, members of Congress have campaigned on a very popular issue: permanently repealing the death tax. It's no wonder since the overwhelming majority of Americans polled feel the death tax should be permanently abolished.
Why then would a very few Senators be discussing the idea of a $5 million exemption?
When Congress addressed this issue in 1981, $5 million went much further in land, buildings, vehicles and operational equipment than it does today. That was 24 years ago.
A $5 million exemption amounts to the Senate turning its back on America's small business community.
Vote to permanently abolish the death tax.
American Council for Capital Formation • American Family Business Institute • American Frozen Food Institute • Associated Builders and Contractors • Associated General Contractors • Food Marketing Institute • International Foodservice Distributors Association • International Franchise Association • National Association of Convenience Stores • National Association of Manufacturers • National Association of Wholesaler-Distributors • National Automobile Dealers Association • National Beer Wholesalers Association • National Black Chamber of Commerce • National Cattlemen's Beef Association • National Electrical Contractors Association • National Federation of Independent Business • National Funeral Directors Association • National Grocers Association • National Lumber and Building Materials Dealers Association • National Restaurant Association • National Roofing Contractors Association • National Utility Contractors Association • Newspaper Association of America • Plumbing, Heating, Cooling Contractors – National Association • Printing Industries of America • Society of American Florists • Tire Industry Association • U.S. Chamber of Commerce • United States Telecom Association • 60 Plus Association
Paid for by Americans Against Unfair Family Taxation
655 15th Street, N.W.
Washington, D.C. 20005
Phone: (202) 220-0631
Fax: (202) 220-0873

Forced To Sell the Family Farm?

SAN DIEGO, Calif.–For 75 years the Mellano family, now in its third generation, has been putting in the long hours and doing the tough work necessary to keep up their excellent reputation, product quality and good name. Mellano & Company, a family-owned and operated cut-flower grower and wholesaler in California, farms approximately 300 acres of more than 40 varieties of flowers and greens used in floral arrangements in offices, homes, flower shops and at special events.

Over the years, Mellano has focused both on generating profits and on being an important member of the community. The company employs more than 150 people and also provides jobs for interns and mentors future agricultural students. Mellano's role in the community ranges from sponsoring the agricultural program at the local high school to supporting local sports, the 4-H, the Future Farmers of America and agricultural scholarship programs.

Family member Michelle M. Castellano said that one of the great things about a family-owned business is the tradition that is passed down through the generations. Her father and grandfather prided themselves on a premier quality product, which she and her cousins still produce.

The company also prides itself on being a good employer. It provides agricultural housing, ESL classes, tutoring for employees' children and numerous hours of non-employment-related assistance to employee families.

But the federal estate tax could put an end to this thriving business. In urging Congress to repeal the so-called Death Tax once and for all, Castellano said that when her parents pass on, she wants to know that she can continue the traditions that were built and nurtured over the years.

Congress can help Mellano & Company employees remain employed and productive.

Unfortunately, under current law, she can't afford for her parents to pass away. In the event her parent's estate is subject to the estate tax, Castellano will be forced to sell the family farm (or at least a significant portion) to housing developers. And she is not alone. Other family farms in California could face the same fate when the senior generation dies.

This is why Mellano & Company is fighting hard to permanently repeal this business-killing tax. Even though the tax is set to expire in 2010, absent a change in the law, it will reappear in 2011 and continue to be a thorn in the side of many family-owned businesses.

"The families of America who have worked so hard to build the American dream deserve to know that their families won't be put out of business because their parents die," said Castellano.

Congress Can Make Life Fairer For Family-Owned Companies

LONG BEACH, Calif.–Janet Green is a U.S. manufacturer and she wants Congress to finally end the Death Tax.

For 97 years, her family has owned and operated Greens Printers, Inc., in Long Beach, Calif. "Because we are a third-generation printing facility, we already paid estate taxes in the early 1970s. Both of my parents are well into their seventies and not insurable because of ill health and the astronomical costs associated to do so. At roughly $100,000 a year, we simply cannot afford it," said Green.

Her company operates a sheet-fed, four-color printing plant with full bindery and electronic capabilities. The family wants to remain in business for many years to come. Paying a ridiculous insurance premium for the sole purpose of paying a tax when they die is not only absurd, but anti-business.

"Let my employees keep their jobs and let us maintain the risk of owning the business to keep them employed," Green said.

Over the years, Green has tried to not only be successful in generating profits, but also successful at being a good neighbor. She does this by supplying 20 people in the community with good jobs and benefits and by building lasting relationships with employees that allow the company to plan for future growth and the workers to enjoy a stable income and interesting livelihood.

Greens Printers gives back to the community in many other ways, contributing to local schools through sponsorships, coaching AYSO soccer teams and free printing for many local fundraising efforts in Long Beach and for inner-city youth programs.

Her family wants to keep Greens Printers alive, even after she is gone. "We have 16 grandchildren who would love to take over the company and see it grow someday... this will NOT happen if the estate tax is still in place in 2011," Green said.

"Does Congress really think that we small, family-owned businesses out here have hundreds of thousands of dollars tucked away for estate taxes? Any money we make we put right back into the business by purchasing new equipment and hiring more employees." Green said that this is why the Death Tax is so hurtful.

Janet Green and employees line up in opposition to the Death Tax.

Farming Is Their Life

ARLINGTON, Neb.–The Rhea family—Bill Sr., Kathy, David, Lora, Bill Jr., Lisa, Will, Abby, J.P. and Alicia—run the Rhea Cattle Company outside Arlington among the rolling hills of eastern Nebraska.

"For 129 years, our family has had a strong commitment to agriculture. To our family, agriculture is not just about a means of making a living, it is about a way of life," said Bill Rhea, Sr. "Strong family roots, pride in the land and the hard work that is required of those living off the land, heritage that runs as deep as the rich, brown soil—these are the pieces of agriculture that give us a truly special way of life."

Kathy Rhea said that Congress needs to get rid of the Death Tax. Her family went through a scrape with the tax in 1986 when her husband's mother died. "We were, in a way, fortunate that it was a depressed agriculture economy at the time, so land values were down. And, immediately after, cattle prices were going up, so we could get the money to pay the tremendous burden of the Death Taxes that we had at the time," she said.

"But when my husband and I die, our son, who is involved with the operation, will have a very difficult time paying the taxes and maintaining the business at the level it is. At the high-priced value of land assets today, he would have to downgrade in size, sell land and lay off employees."

"We have had to spend a lot of money on insurance. If I'm second to die, I won't benefit when my husband goes. My kids will benefit only by having money to pay the expensive Death Taxes. When the cattle market has been as depressed as it has the last couple of years, taxes are difficult to deal with. We must get rid of the Death Tax," Kathy said.

Intrepid Manufacturer Left Vulnerable to Death Tax

LANCASTER, Pa.–Sam Stoltzfus, president of Keystone Wood Specialties, Inc., quit his job at a small cabinet shop 33 years ago to start his own cabinet business.

Stolzfus, who has muscular dystrophy, was having more and more difficulty doing the physical work and he knew he would have to build his own business and hire employees to work for him. Sam took on this challenge despite having dropped out of school after the eighth grade, which was customary for children raised on Amish farms.

After five years of manufacturing custom cabinetry, Stolzfus decided to change his business model to focus on manufacturing custom wood cabinet components for other cabinet and furniture manufacturers.

Today, Keystone Wood Specialties Inc., occupies 40,000 square feet and employs more than 50 workers, many of them long-time employees. The company manufactures wood products for the cabinetry, furniture and remodeling industries, shipping goods nationwide. A $2 million expansion is scheduled to start in October, which will add 50 percent more floor space and new computerized machinery to meet increasing demand.

Stolzfus has served on several church, school and community organizations in various functions and likes to give back to the community whenever possible. Four years ago, Stolzfus and his wife Elaine purchased Rocky Springs Park in Lancaster, which had been closed for 35 years. The park and buildings were in disarray and required much renovation, but Stolzfus was not deterred.

First, he went to work restoring an 1850 brick mansion on the property, which now serves as a bed and breakfast to help offset the costs of maintaining the grounds. Stolzfus has more plans for restoring the

Keystone Wood Specialties, Inc., based in Lancaster, Pa., would like to grow but the Death Tax remains a major obstacle.

park, such as renovating the other buildings—including a round building that once housed a Dentzel carousel—and building an outdoor wedding park.

The Stolzfuses have three children, a daughter, 24, and two sons, 17 and 18. At 54 and fighting some health issues, Stolzfus is starting to think about retiring but is not sure what to do with the business. It is still too early for any of the children to decide if they want to take over and run, or own, the company. If he waits to sell the company, but then dies before selling, the family would have to liquidate the business for much less than its actual value to pay estate taxes, or risk the possibility of the children having to sell the park to pay taxes.

"My youngest son enjoys woodworking and plans to work with me someday after he's done with his education, and maybe take over the business," said Stoltzfus. "But I cringe at the thought of him having to go into debt simply to pay taxes to be able to do it."

Dilemmas like that of Sam Stolzfus illustrate why Congress must act immediately to permanently repeal the Death Tax. It is a tax that hurts families, communities and all that has been built over the years by hardworking manufacturers and other businesspeople. The truth of the Death Tax is that it penalizes people like Stolzfus, who has done so much to be a success despite long odds.

Serving the Country Should Not Lead to Death Tax Sale

MT. PULASKI, Ill. –Scott and Kathryn Steinfort operate family-owned Mt. Pulaski Products, Inc., in a small Illinois town that bears the company's name, continuing a tradition that started with its founding in 1951.

The Steinfort family sells products made from processed corncobs, which are used as an industrial absorbent, as abrasives in numerous applications, as an inert carrier of chemicals and vitamins in the pharmaceutical industry and as animal bedding.

The Steinforts know a lot about corncobs, and they know a lot about fairness. One issue that strikes them as unfair is the estate tax, otherwise known as the Death Tax. For decades, the family has worked to build a successful business, which has in turn generated good jobs—44 of them at this time—for local citizens of Mt. Pulaski.

The Steinforts also know about service. Both their sons are serving in Iraq, after having graduated with highly sought engineering degrees from West Point and the Air Force Academy. As other engineers reap substantial paychecks for their in-demand skills, the Steinforts' sons fulfill their obligation and duty as servicemen in our tough war in Iraq.

Scott and Kathryn Steinfort's son serves his country instead of learning the family trade.

What do these two issues have in common, the Death Tax and service to the country? The Steinforts' two sons cannot be at home in Illinois learning the family business, or even working at high-paying engineering jobs elsewhere, because of their service. They could have attended college anywhere in the nation, but chose the path that led to the military.

The Death Tax threat looms over the family because without a lot of money—like the income from a pair of engineers—the Steinforts may be forced to sell off the business if something should happen to Scott and Kathryn.

"My sons have not, and will not for the foreseeable future, be able to participate in this company. They will also not be able to start amassing the small fortune they will be obligated to pay in Death Taxes," said Scott Steinfort.

"My wife and I have life insurance to cover the taxes, but as we age our premiums are marching steadily higher. Combined with not knowing how much we need to plan for in taxes and fees, the potential costs ultimately point to only one path: sale or liquidation of our plants to pay the tax burdens," he noted.

The Death Tax does this to good people like the Steinforts. It forces the expenditure of large sums of money to plan for something that will only make the money situation worse or result in the sale of a dependable company. These are not rich people looking for a tax break. The Steinforts are an example of the people who make things in America and they do so in a small town that needs the income generated by skilled workers in a local setting.

On top of that, the choices made by the two sons are a great benefit for our country, the same country that levies an onerous tax on a family that simply wants the freedom to continue on as a growing company if something should happen to the parents.

Permanent repeal of the Death Tax is the answer. It's time to relieve people like the Steinforts of one less worry. End the tax now.

Death Tax May End Vibrant Denver Business

DENVER, Colo.–Electric Equipment & Engineering Co. has been in business for 83 years. Its owners and 39 employees want to see it continue to grow and prosper. Unfortunately, the current generation of owners thinks the Death Tax could mean the end of the company.

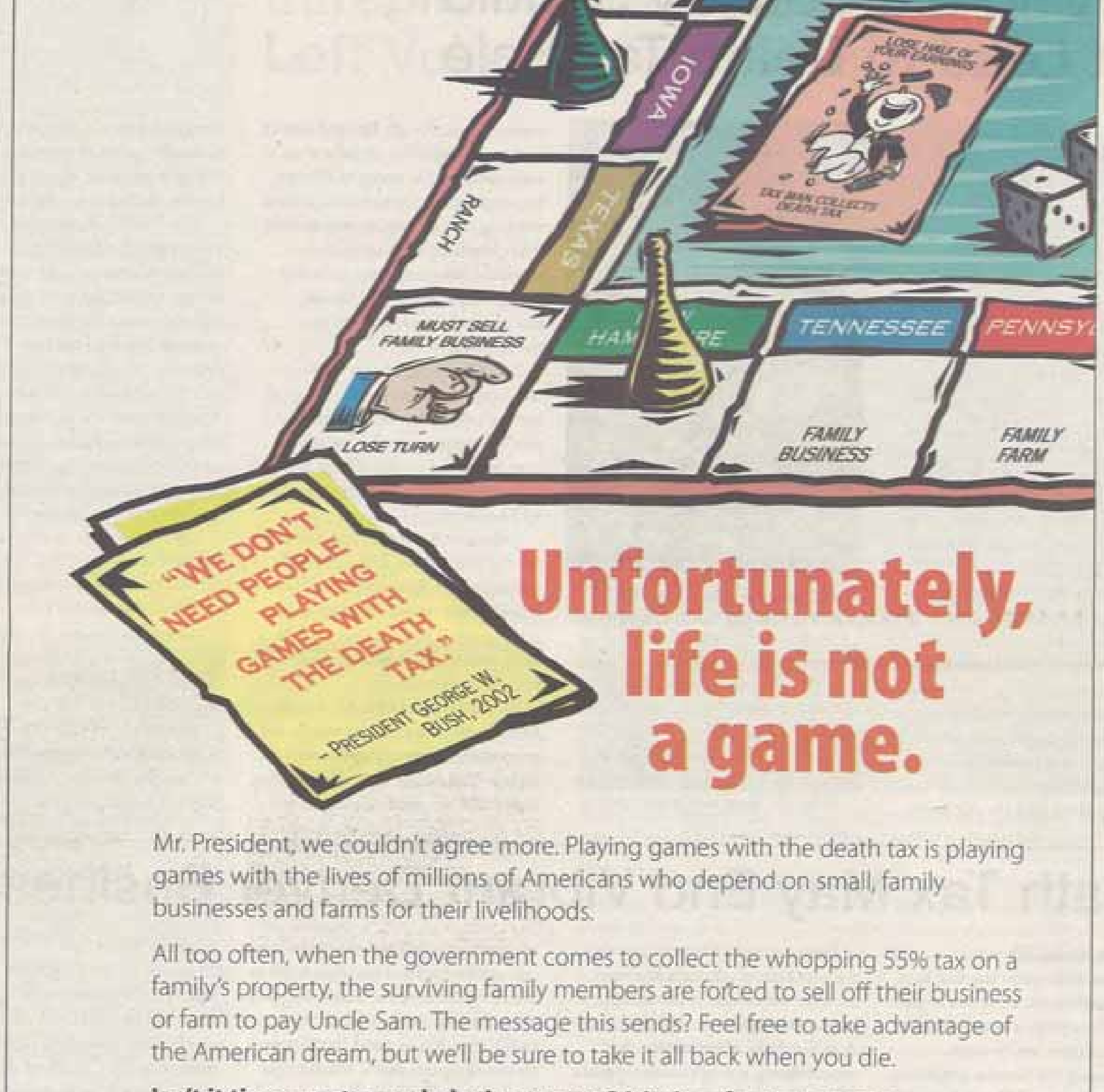
"We have consulted several lawyers and financial consultants for a way to have enough funds to pay all of the estate and inheritance taxes, but the only solution they seem to have is to buy enough life insurance to pay the taxes at death, or to have enough liquid assets to pay the Death Taxes when they are due," says Dick Morroni, a manager at the company.

Unfortunately, Morroni says that the purchase of adequate life insurance for the owners is not an option, in part because of the financial burden. Similarly, Morroni says that accumulating enough cash to pay the Death Taxes is "an insurmountable task" because all available funds are reinvested in the business. He adds, "Small business owners do not have the luxury of long vacations or high salaries because the financial demands of the company are always present."

Electric Engineering is not the only company facing this life-threatening situation. Morroni explains that some owners in similar straits have attempted to solve the problem by selling the company to a willing buyer, assuming one can be found. This often leads to the elimination of the small company, since the only entity with enough cash to purchase a good small company is a company that is much larger (and perhaps foreign). In any case, the small company no longer exists.

In urging Congress to act to permanently repeal the Death Tax, Morroni recognizes that it will be a tough battle. "Congress ... faces a significant budget crisis, but we feel that taxing the small company literally "to death" is the wrong way to solve a budget crisis."

Moreover, the impact of the Death Tax is felt not only by the individual company owners but by the broader economy. "If the Death Tax is not repealed, Congress can be sure that there will be even fewer small companies healthy enough to support their massive budget. Many of these small companies will be purchased by overseas entities. If these entities move the operations out of the country, there will ultimately be no means of production left here and no employees available to pay for the infrastructure. We cannot survive in this country by merely "taking in each other's wash." The only way to truly create wealth is through the manufacturing cycle, and the small company is good at providing this manufacturing cycle."


SMALL
INESS
NSAS
IOWA
TEXAS
RANCH
MUST SELL
FAMILY BUSINESS
LOSE TURN
HAM RE
TENNESSEE
PENNSY
FAMILY
BUSINESS
FAMILY
FARM
LOSE HALF OF
YOUR EARNINGS
TAX MAN COLLECTS
DEATH TAX
"WE DON'T NEED PEOPLE PLAYING GAMES WITH THE DEATH TAX."
– PRESIDENT GEORGE W. BUSH, 2002

Saving the Ranch for the Kids

PARKFIELD, Calif.–Bear Valley Ranch is located in the picturesque Central Coast region of California. The ranch is now owned and operated by Kevin Kester and his family and was originally purchased by Kester's grandfather in the early 1940s. The ranch is run as a cow/calf and stocker operation as well as a wine vineyard.

"We had our first dealings with the Death Tax when my grandfather passed away in 1993. We were prepared—or so we thought. But, despite all our efforts we were assessed a Death Tax of $1.5 million," said Kester. "We had all our assets put in a revocable trust, which did keep us out of probate court, but it didn't alleviate us from one penny owed on our Death Tax. One misconception I believe a lot of people have is that you can create an estate plan and take advantage of things like trusts and generation skips and that this alone will protect you from the Death Tax. That is simply not true," stated Kester. "They don't protect you from the tax assessed on the appraised value of your land, which we all know is extremely over-inflated from the agriculture value. Not only did we end up owing an exaggerated tax, but we also incurred attorney fees of more than $100,000."

Bear Valley Ranch consists of 18,000 deeded acres. The Kesters have been able to keep all but the several hundred acres that were sold to neighbors to help with the tax burden and the $600,000 in interest they have acquired since the tax was assessed in 1993.

The burden imposed on the Kesters by the Death Tax has had a tremendous impact on their lifestyle. "Because of the impact of the tax on our financial situation, my wife, three kids and I all live in an 1,150 square-foot house. The mental strain and pressure brought on by all this is another issue. We have had to weather a three-year IRS audit over our estate-tax provisions," said Kester.

The impact of the tax has affected not only the Kesters, but their community as well. After they were hit with the Death Tax, the Kesters were unable to hire the employees or purchase the equipment needed to properly manage the ranch—which has made a difference to their local economy.

The Kesters are a ranching family who simply want to continue that tradition and pass the ranch on to their children. "My children want to keep the land and be ranchers when they grow up. My wife and I will do everything possible to be able to give them that opportunity," said Kester. "One thing we are currently planning on doing that we hope will help us keep our promise to the children is putting our ranch into a conservation easement program. My young children know more now about protecting and conserving the land and open spaces than I did when I first took over the ranch."

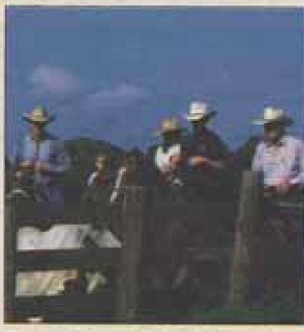
Brothers' Heritage at Stake

SAN ANTONIO, Fla.–Larry, Mark and Randy Barthle are brothers who share a similar story with many ranching families across the country. They are trying to maintain the family ranch that their grandfather built in the early 1930s so they may pass it and their ranching lifestyle on to future generations. Barthle Brothers Ranch has received national recognition for its dedication to environmental stewardship practices that protect and promote the environment and wildlife. The family is dedicated to youth development to encourage future ranchers to appreciate the responsibility that landowners have in caring for natural resources.

The Barthles' dedication to maintaining the future of Florida's precious resources and their ranching heritage are one and the same. It is a battle that is fought everyday in the face of extreme adversity. Like all ranchers, the Barthles operate under the watchful eye of the government's regulatory agencies, but there is a bigger government issue that looms over them everyday: the Death Tax.

"Our family was first struck by the Death Tax back in the early 1970s when both my grandfather and uncle passed away within a short period of each other," stated Larry Barthle. "We had to sell 1,200 acres of the ranch. Every penny went to pay the taxes assessed to us and we still had to take out a loan for a balance. Not one cent was used for anything except taxes. After such a devastating blow, it was my father's lifelong goal to be able to pass the ranch on to his kids without being hit by the Death Tax. He was successful at the time of his death because he was able to make transfers over to my mother. We currently have our ranch set up as a sub-S [subchapter-S corporation], which is family-held by my mother, her six children and grandchildren."

The Barthles work on a continuous basis with attorneys and estate planners on options available to them to help alleviate the pressure of the Death Tax. The family's stock in the ranch has been spread around as much as possible. Larry's mother continues to transfer stock to her grandchildren so that they are not hit with the tax twice. "My mother takes advantage of the estate gifting program as much as possible. However, the value of land here, due to urban sprawl, has increased more than what she can gift to the children," said Barthle. "We are trying to take advantage of all the options that are available to us, but we still know that when my mother passes away, we will get hit by a large Death Tax and I am not sure exactly how we will handle it."



Generations of Barthles work together to maintain the ranch their family built in the 1930s. The burden placed on them by the Death Tax makes this job nearly impossible.

Florida's pristine environment and landscape are often jeopardized because ranching families are forced to sell out to urban developers to pay the Death Tax.

Barthle added that they have not been able to purchase an insurance policy to help provide a cushion against the Death Tax because they simply cannot afford it. "Our ranch is our only source of income and we are a large family. With no outside source of revenue, there is not enough income to cover ranch operating costs, support our families and purchase insurance."

Successful Family Tradition Imperiled

PHILADELPHIA, Pa.–Bruce Schwartz represents the third generation of his family to own Jerith Manufacturing Co., Inc., a 54-year-old manufacturer of aluminum ornamental fences in Pennsylvania. Unfortunately, the current Death Tax could change this proud heritage.

In 1951, Schwartz's grandfather began Jerith, making aluminum storm doors and windows. Schwartz's father joined the company in 1959 and helped expand the business by adding aluminum ornamental fences to the company's product line. "We were the first company to offer this type of fencing," Schwartz said.

In 1982, Schwartz's grandfather retired. He joined the business three years later after receiving an MBA from the University of Michigan. At that time, there were approximately 12 employees and sales of less than $2 million.

Over the next few years, Schwartz and his company concentrated their sales efforts on aluminum fences and dropped the other product lines.

Currently, Jerith is the largest manufacturer of aluminum ornamental fences in North America, with sales approaching $100 million. "We currently employ about 180 workers in the city of Philadelphia at our 440,000 square-foot plant located on 36 acres,' Bruce said.

Schwartz said his father was forced to retire in 1999 at the age of 63 because of the growth of Jerith, which was expanding at a rate of 25 percent per year. "If he continued to own the company and we kept growing at that rate, his death would have forced us to sell off our family business," Schwartz said.

At only 45 years old, Schwartz is considering selling the company now to avoid putting 180 people out of work should he die. "I simply don't have the tens of millions of dollars in cash necessary to pay the Death Tax. It is tied up in my inventory, my equipment, my building—my family's company," he said.

"The Death Tax just doesn't make any sense," Schwartz said. "Why should my heirs have to pay taxes on Jerith just because I die? Sure, the value of the business has grown, but I have already paid my taxes on the company's earnings every year. It almost kills any incentive you have to grow a company. Why bother when the taxes upon your death will destroy the business you spent your life building?"

This third-generation Philadelphia-based aluminum fence manufacturer's growth has been stymied by the Death Tax.

Death Tax Plagues Generation After Generation

LAKE WALES, Fla.–The Lightsey family of central Florida has played a key role for generations in preserving the pristine environment for which the state has become world-renowned. Yet, it is their very dedication to these efforts that punishes them with the government's assessment of the Death Tax.

"Our story is no different than that of countless other ranching families from across the country. All we want to do is preserve our land and ranching operation to pass on to our children," said Cary Lightsey. "Yet the government has made this an extremely difficult and burdensome task."

When Lightsey's father passed away suddenly in 1973 at the age of 56, the family had no idea what they were in store for. "Dad left behind a wife and three young children with no form of estate planning, not even a will. In the middle of dealing with our loss, we got hit with an estate tax in excess of $1 million that was to be paid within a year," said Lightsey. "Because of our location, much of our land was appraised as commercial and well above its agriculture value. We are a ranching family. Part of our ranch has been in our family since1890 and we want to preserve that way of life. It is not fair for the government to come in and punish us because of the value they see in our land due to the commercialization of our state."

Lightsey continued, "We put our case in probate court for 12 years, during which time we tried to do everything possible just to pay the interest. We diversified and relied heavily on extra income from hunting leases and citrus groves just to make ends meet. Our one salvation was the dairy operation, which I grew up on just outside of Tampa. We made the decision, that in order to save our cattle ranch, we would have to sell off the dairy. The urban sprawl had already encompassed it so we knew its commercial value could help alleviate the pressure of our tremendous estate tax still owed. But, selling it was easier said than done. We had to spend a lot on improving the land because much is considered wetlands. The whole process has taken its toll on our family and has certainly been a learning experience. Every day, my mother makes plans to make sure that she, my brother and I are all better prepared for the next time this tax appears," said Lightsey.

"That is the thing with the Death Tax—it keeps coming back from one generation to the next," he said. "We spend lots of time away from the ranch working with attorneys and estate planners. We currently have the ranch in a limited family partnership and plan to place it into a trust for our children." All this planning costs the Lightseys time and money, both of which are scarce to cattle-ranching families that are simply trying to preserve a way of life—and the land that sustains it.

Death Tax Threatens Jobs At Century-Old Ohio Manufacturer

HAMILTON, Ohio—For almost 100 years, Hamilton Caster and Manufacturing Co. has been a mainstay in this southwestern Ohio town of 60,000. The company—which makes dollies, platform trucks, casters and other material handling products for manufacturers, warehouses and distribution centers—employs more than 60 people. The fourth-generation company, which is currently run by three brothers and their cousin, also is involved heavily in the community and supports a range of activities, from United Way to the "Adopt a School" programs.

Dave Lippert, one of three brothers who run Hamilton Caster, is proud of his company and its legacy in the community, but he's concerned that the current Death Tax threatens the future viability of the business. The company's owners—currently in the process of transferring the business from the third to the fourth generation—are not strangers to the burden the current estate tax places on a business.

Hamilton Caster, maker of dollies, platform trucks and casters faces a serious threat from the Death Tax.

Over the years, the family has spent a significant amount of money on estate planning to ensure that their heirs have enough resources to pay the estate tax due when an owner dies. This is money, Lippert said, that otherwise would have been invested in the business.

Noting that he supports full and permanent repeal of the Death Tax, Lippert said that opponents of repeal need to "get over the myth" of wealthy grandkids inheriting lots of money. "Most of the cases I am aware of involve businesses or farms where the survival of the entity into a succeeding generation requires a hefty insurance policy or some other mechanism."

Lippert also noted that, in cases where the estate tax forces the sale of a company, the workers and the community are the big losers. "In the case of our business ... 58 families potentially would be in the job market. They would lose their incomes, their health insurance, their weeks of annual paid vacation, and their seniority. Many, perhaps most in our factory, would never find jobs as financially stable and rewarding as those they currently have."

Because of the importance of this issue to small businesses and their employees, Lippert said it is critical for Congress to repeal the Death Tax as soon as possible. "It would be bad enough if the tax were only designed to 'rob' the wealth created by one generation from the succeeding one. But it wreaks havoc on so many others ... We can only hope true wisdom prevails on this one."

"Beef: It's what's for dinner."

HUNTSVILLE, Texas—When Robert Mitchum, the legendary actor, uttered those five simple words that have become such an accepted part of American culinary conversation, he obviously had no clue that the Death Tax was doing its best to prove him wrong.

"The Death Tax is patently unfair because it is almost a penalty for dying. Most every other tax is a tax when you make a choice to do something, but this tax is just a levy because of an event," Jim McAdams, a member of the National Cattlemen's Beef Association, and cattle producer himself, said.

McAdams and his family have been running cattle in Texas since the 1830s. He knows all too well about the hardship that the Death Tax creates for ranchers, having lived through it before and spent countless dollars preparing to help his heirs live through it again.

"We have to spend money on insurance policies that have burdened us for years, especially as times have gotten harder and harder. We have actually had to sell land to try to prepare for paying the Death Tax. So, it's not a one-time penalty. If you do nothing, you probably will lose a good part of your ranch," McAdams said.

McAdams, like so many other ranchers, has spent a small fortune on life insurance policies, setting up trusts and paying lawyers just so they stand a chance at being able to pass on their businesses to their heirs. The problem they are finding, though, is that all of that money they are diverting from operations like expansion, upkeep and environmental enhancement leaves their businesses worse off, both now and in the future.

Death Taxes are one of the leading causes of the breakup of multi-generation family beef enterprises. In an asset-rich and cash-poor business like ranching, the appraised value of rural land is extremely inflated compared to its agricultural value.

McAdams, and countless ranchers just like him, are anxiously waiting for Congress to protect them by repealing the Death Tax, which slams them with the devastating blow of up to 47 percent in taxes on the entire operation. Without repeal, a once-thriving industry, and ranchers like McAdams, will be forced to abandon a business that their families have been operating for sometimes close to 200 years, all because they can't afford the Death Tax. If nothing changes, beef might not be for dinner anymore. It will be just too expensive for ranchers to produce.

Cattle ranchers across the country don't want to sell the farm to pay the Death Tax.

American Dream Threatened by Unfair Tax

JUDITH GAP, Mont.–Bob Lee, his wife, Kathy, and their three children, Kim, Krista and Kenny, run the Robert E. Lee Ranch. They love the open spaces, unrestrained lands and the absence of city lights. And they realize that it is good for not only their family, but the country, to have places and people like them working the open land and preserving it for themselves, for wildlife and for the future.

"Open space is good for the inner feeling, that you don't have to go out and experience uninhibited housing developments, urban areas and things like that. Where can you go, take a deep breath, and really realize what we have out there for the soul?," Bob Lee said. "The greatest renewable resource that we have is our ranch and our grasslands. We do not take that lightly. It's something we value and something we want to pass on to the next generation."

But that is easier said than done. Obviously there is a wide assortment of problems that Mother Nature can throw the Lees' way, which make it tough to make a living as a rancher. But compound that with the ridiculous, and unnecessary, problems that Uncle Sam has seen fit to saddle them with and it makes words like "longevity" and "future generations" seem obsolete.

"The Death Tax is certainly a detriment to the next generation. There are enough challenges out there, and this is just another challenge that is certainly making our youth ask if they can afford to maintain the open lands and the value of these open spaces that we've come to enjoy and [with which we] make a living in the cattle industry," Lee said.

The Death Tax pushes families to the brink of foreclosure, and sometimes over it. It makes them constantly examine their chosen profession and ask, "Is it worth it?" It is sucking the life and enthusiasm out of a profession and trade that used to be one of the building blocks of America and making it so that, even if a child of a rancher could afford to inherit the family ranch and pay the taxes on it, he or she would be constantly questioning the decision and wondering if his or her heart was truly in it.

"Countless people like me have suffered from the Death Tax, going further into debt and refinancing their operations. That just takes the interest out of the next generation. We need enthusiasm. As you well know, any job worth doing is worth doing well. And we're limited by time, energy and money. After working so hard for so many years, at the time of [the owner's] death we have to go back and refinance the ranch and start paying for the whole thing over again. This discourages our children from preserving the open spaces, staying with the family business and living the American Dream," Lee said.

> "...the [estate] tax ... on a cash-strapped minority business is so heavy that many of these businesses are forced to sell or to go out of business in order to pay the Death Tax. And there is no moral justification for it."
>
> —*Black Entertainment Television CEO Robert Johnson*
> Fox News Channel, April 3, 2001

Doors May Close At Door Manufacturer

An aerial shot of the Hamilton Supply Company's seven-acre facility in Hamilton Township, N.J.

HAMILTON, N.J.–The Hamilton Supply Company has provided jobs for hundreds since it was founded in 1924. The business began by selling masonry products, mainly cement and lime products, but as Hamilton Supply grew, it expanded into lumber and building materials and coal. Jesse Coleman, Jr., and his three children, Kim, Kip and Keith, have owned and operated the business since 1967. It has grown to include pre-hung door manufacturing, a custom millwork shop, a commercial door division and a tool rental department in addition to its building supply business.

"Our seven-acre facility provides important jobs to the community," said Kip Coleman, who is now the vice president of the company. The company has spent hundreds of thousands of dollars over the years on lawyers and accountants for various gifting schemes, insurance and trusts. That money could have been put into the business to create more jobs or to otherwise grow it. "The future of Hamilton Supply is no more secured now than the day we started planning 25 years ago, because Congress can't decide to do away with the most unfair tax they levy on owners of a small business. This wasteful tax is completely counter-productive because businesses end up spending money to avoid taxation," said Coleman.

Coleman is now 59 years old and he is beginning to think about what will happen to the company after he is gone. He is incensed that the business may not be able to continue. "Not only have my parents paid their fair share of taxes over the years, but they have had to spend thousands on ways for their heirs to avoid selling that business at their death to pay taxes. Because my brothers and I have grown the business and helped increase the business value over the past 30 years, they now cannot be sure that these unfair taxes will not put their sons out of business. At the very least, we could be burdened with debt for years after my parents' passing to keep the business going."

Several years ago, Kip went to Washington, D.C., to talk to his senators about his frustrations with the Death Tax. Kip told his story to Senator Toricelli's staff, but the senator did not support repeal during the last vote. "I just wish that my current senators would help our business owners in their state and vote to repeal the Death Tax."

"Fighting the Death Tax costs us thousands every year and may cost millions in the future, or may cost more than 80 employees their jobs on the death of my parents. Because of my age, I am not sure I want to battle the government over this issue when it comes time to leave the business to my heirs. I'm getting tired of this fight and the expense. And depending on what Congress does, it may not be worth trying to preserve Hamilton Supply or pass on the same ridiculous fight to my heirs," says Coleman.

Majority Leader Frist, the Senate Now Has at Least 60 Reasons to Kill the Death Tax

1. Lamar Alexander
John McLaughlin's "One on One;" 11/16/02

2. Wayne Allard
Roll call vote #151; 6/12/02

3. George Allen
Roll call vote #151; 6/12/02

4. Max Baucus
Roll call vote #151; 6/12/02

5. Evan Bayh
Roll call vote #151; 6/12/02

6. Robert Bennett
Roll call vote #151; 6/12/02

7. Kit Bond
Roll call vote #151; 6/12/02

8. Sam Brownback
Roll call vote #151; 6/12/02

9. Jim Bunning
Roll call vote #151; 6/12/02

10. Conrad Burns
Roll call vote #151; 6/12/02

11. Richard Burr
Senate Dear Colleague; 2/16/05

12. Saxby Chambliss
http://chambliss.senate.gov; 5/10/05

13. Tom Coburn
Senate Dear Colleague; 2/16/05

14. Thad Cochran
Roll call vote #151; 6/12/02

15. Norm Coleman
Saint Paul Pioneer Press; 9/23/02

16. Susan Collins
Roll call vote #151; 6/12/02

17. John Cornyn
Public remarks; 5/10/05

18. Larry Craig
Roll call vote #151; 6/12/02

19. Mike Crapo
Press release; 3/4/05

20. Jim DeMint
Senate Dear Colleague; 2/16/05

21. Mike DeWine
Roll call vote #151; 6/12/02

22. Elizabeth Dole
Public remarks; 12/6/04

23. Pete Domenici
Roll call vote #151; 6/12/02

24. John Ensign
Roll call vote #151; 6/12/02

25. Michael Enzi
Roll call vote #151; 6/12/02

26. Bill Frist
Roll call vote #151; 6/12/02

27. Lindsey Graham
House roll call vote #219; 6/6/02

28. Charles Grassley
Roll call vote #151; 6/12/02

29. Judd Gregg
Roll call vote #151; 6/12/02

30. Chuck Hagel
Roll call vote #151; 6/12/02

31. Orrin Hatch
Roll call vote #151; 6/12/02

32. Kay Bailey Hutchison
Roll call vote #151; 6/12/02

33. James Inhofe
Roll call vote #151; 6/12/02

34. Johnny Isakson
Senate Dear Colleague; 2/16/05

35. Jon Kyl
Roll call vote #151; 6/12/02

36. Mary Landrieu
Roll call vote #151; 6/12/02

37. Blanche Lincoln
Roll call vote #151; 6/12/02

38. Trent Lott
Roll call vote #151; 6/12/02

39. Richard Lugar
Roll call vote #151; 6/12/02

40. Mel Martinez
Senate Dear Colleague; 2/16/05

41. Mitch McConnell
Roll call vote #151; 6/12/02

42. Lisa Murkowski
S. 13 cosponsor; 6/18/03

43. Ben Nelson
Roll call vote #151; 6/12/02

44. Bill Nelson
Roll call vote #151; 6/12/02

45. Pat Roberts
Roll call vote #151; 6/12/02

46. Rick Santorum
Roll call vote #151; 6/12/02

47. Jeff Sessions
Roll call vote #151; 6/12/02

48. Richard Shelby
Roll call vote #151; 6/12/02

49. Gordon Smith
Roll call vote #151; 6/12/02

50. Olympia Snowe
Roll call vote #151; 6/12/02

51. Arlen Specter
Roll call vote #151; 6/12/02

52. Ted Stevens
Roll call vote #151; 6/12/02

53. John Sununu
Press release; 5/10/05

54. Jim Talent
Statement; 4/15/05

55. Craig Thomas
Roll call vote #151; 6/12/02

56. John Thune
Senate Dear Colleague; 2/16/05

57. David Vitter
Senate Dear Colleague; 2/16/05

58. George Voinovich
Roll call vote #151; 6/12/02

59. John Warner
Roll call vote #151; 6/12/02

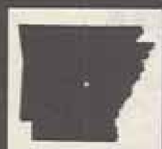
60. Ron Wyden
Roll call vote #151; 6/12/02

NBWA
National Beer Wholesalers Association

The Senators listed above have indicated, either through votes or public statements, their commitment to eliminating the death tax burden on family businesses and farms. This list does not include some Senators who have not had an opportunity to vote to kill the death tax. This message brought to you by the family businesses that proudly distribute America's beverage — beer.

An Open Letter From:

U.S. Business Owners to Repeal the Estate Tax



June 27, 2005

To Senators Blanche Lincoln, Mark Pryor, Mary Landrieu, David Vitter, Hillary Clinton, Charles Schumer, George Voinovich, Mike DeWine, Gordon Smith and Ron Wyden:

As active and growing family businesses across the country, we strongly urge you to support permanent elimination of estate and generation-skipping taxes, now commonly referred to as the "Death Tax."

Permanent repeal of the burdensome Death Tax will help reduce the time, money, and energy expended by family business owners on estate planning and preserve companies that often are sold for tax reason when a principal owner dies. We also are concerned about the temporary nature of the Death Tax repeal provisions. Because of the so-called "sunset provision" contained in the 2001 law, the Death Tax will be fully repealed for only one year in 2010. Unless the law is changed, the onerous Death Tax will be reinstated in 2011 with rates ranging up to the confiscatory level of 55 percent - or more than half of the family's assets. The uncertainty surrounding repeal will require family business owners across the U.S. to continue with estate-planning strategies that are costly, cumbersome and time consuming.

Moreover, the temporary provisions further complicate an already overly-complex federal tax code. If the death tax were permanently repealed, resources currently allocated to estate planning would be reinvested into improving and expanding the business, thus creating and shoring up job opportunities and providing a much-needed boost to each of our states' local economies.

Permanent repeal of the death tax is critically important to the future of our country's family businesses, farms and ranches, and, most importantly, to the people they employ. We request your support to ensure that this much-needed tax relief is permanently locked into place.

Sincerely,

Mr. Vincent Insalaco
Family Entertainment
North Little Rock, AR

Mr. Madison Murphy
Murphy Family Management
El Dorado, AR
And:
Hard Bargain Farms
Epps, LA

Ms. Melanie Meyer
Versai Inc.
New Orleans, LA

Mr. James J. Conway III
TitleServ, Inc.
Long Island, NY

Mr. Lowell Miles
Miles Fiberglass and Composites
Portland, OR

Mr. Richard Inukai
Dick's Country Dodge and McKenzie Ford
Hillsboro, OR

Mr. David Slyman
Backstreet Development
Seven Hills, OH

Mr. Robert & Mark Bitz
Plainville Farms
Plainville, NY

Mr. Tom Goebel
Lakefront Lines, Inc.
Cleveland, OH

Mr. Gus Payne
Arlington University
New Orleans, LA

Estate Valuation Proves Problematic For Oregon Timberland Owners

BRIDGE, Ore.–In the mid-1960s, Neil Westfall and his brother, Brian Richards, went to work on their great aunt's Oregon ranch. Their great aunt, Leona Bryant, owned 1,680 acres of timber and grassland about halfway between Coos Bay and Roseburg in a little town called Bridge. At the time, the business was called George W. Bryant Logging. Leona assured the boys and their father, Leroy Richards, that the estate was in order and that each of them would receive a third of the land to continue the logging and ranching operations. She'd done a little gifting over the years, but the assets of the company were essentially consolidated under her and the business.

In 1978, Leona passed away and the estate was divided in accordance with her wishes. Unfortunately, adequate steps had not been taken to avoid the estate tax. After the IRS conducted an assessment of the value of the property, the estate was hit with a $640,000 estate tax bill. For an operation whose only assets were tied up in timber and grasslands, this was too big a bill to pay. Under a special program available to agricultural enterprises, the two brothers and their father were allowed to pay the federal government over time with an interest rate of 4 percent. It took them 14 years to pay off their estate-tax liability, which with the payment schedule grew to approximately $740,000.

Making it even more difficult was the fact that timber prices peaked in 1978 at a rate of about $330 to $340 per thousand board feet. When the recession hit two years later, the company was able to sell their timber at the mill for only $160 per thousand board feet. Because the IRS used a valuation formula at the death of Leona, the family's estate tax liability was based on a logging rate twice what the market would bear. The result was that the company had to exceed its sustainable harvest management plan in order to meet tax liabilities.

Westfall's son and Richards' son are both now employed by the company full-time, and they plan to operate the company as the next generation. In order to avoid the estate tax the second time around, Westfall and Richards have invested a considerable amount of time and money in attorneys and accountants to protect the company's assets. Before Leroy Richards passed away in 1991, they spent $150,000 in consulting fees to ensure that the third of the business that he owned would pass to them without being hit with the estate tax. This sum includes a one-time fee of $81,000 to distribute assets. Since Leroy Richards' death, they've spent an additional $50,000 to prepare the company for the transfer of assets to their sons.

As Neil points out, the money and effort they've put into paying and planning for the estate tax has detracted from their ability to run the business. They were fortunate that they were able to extend their tax payment over a long time, despite the fact that they had to alter their timber harvest levels to an unsustainable level to pay it. Now, after having paid the tax, they've spent another $200,000 just to ensure that they don't get hit by it again.

Multi-Generation Ranch Fears Death Tax

MEETEETSE, Wyo.–Jack Turnell, like every Turnell head of household since the 1800s, owns and operates the Pitchfork Ranch. He eats, sleeps and breathes ranching and, someday, he'd like to pass the family business on to his grandson, who will be the sixth generation of his family to work on the ranch. But that wish might not be entirely possible if the Death Tax isn't repealed soon.

"Back in 1922, we almost lost the ranch because of the Death Taxes. Thankfully, the family had a lot of other holdings, and just had to sell them all and save the ranch. Today, it's a different story," Turnell said.

Now, without vast financial holdings, the only thing of value that could be sold to pay off the Death Tax is the land itself. Without the land, however, there is no ranch. It's self-defeating. And the same story can be told for thousands of other ranchers across the country, who, just like Turnell, don't have a lot of resources or planning capabilities to deal with the crippling effects of the tax. "Most of my neighbors, Wyoming ranchers and their grandsons, aren't going to be here just because of the Death Tax. They won't be able to afford to keep the ranch unless they sell most of the ranch to pay the tax. It's a huge problem within the industry," Turnell said.

And a bruising side effect of all of this is that the ranchers aren't the only losers in this whole situation. The environment loses too, because most of these ranches have devoted their lives to preserving the pristine lands they rely on for sustenance and a livelihood.

"If we are dedicated to saving the wildlife and open spaces, this Death Tax has to be repealed permanently. Otherwise, those places—a lot of them in Wyoming, especially along the Rocky Mountains, which is the most valuable land—will be sold, chopped up into 35-acre ranchettes, and that will affect the wildlife and open spaces," Turnell said.

The ranching industry has certainly fallen on hard times these last few years, as ranchers are moving into a fourth year of a drought. The ones who have been able to persevere are confident that they will be able to survive over the long haul—if it weren't for outside factors, like the incredibly unfair Death Tax hammering away at their livelihood.

"With the drought, we were, of course, way down on cattle numbers. Thousands of cattle have been sold in the West and that's really hurting families. I think 44 percent of all ranch or agriculture employees in Montana, Idaho and Wyoming are out of work. Most of our family has sold out. So, to hang on to what we have is very important to me. I want my grandkids to be able to work the land, but I don't know if it will happen. You have to have a lot of stamina to survive in ranching," Turnell said.

Congress should help all ranchers by eliminating the Death Tax.

IT <u>IS</u> ALL ABOUT THE MONEY!

Thanks to the Estate Tax...

Family business owners are forced to purchase expensive, high-premium life insurance products to finance crippling death tax liabilities.

And to whose benefit?:

1. **Whole Life Policy:**
   $ <u>85%</u> of first years premium goes to the **underwriter!!**

2. **Term Life Policy:**
   $ <u>60%</u> of first years premium goes to the **underwriter!!**

3. **Universal Life:**
   $ <u>90%</u> of first years premium goes to the **underwriter!!**

Could This Be Why The Life Insurance Underwriters Want to Keep the Death Tax??

Tell the life insurance underwriters not to be so selfish, and to do what is right for family businesses and good tax policy...

Repeal the Estate Tax!

Grocer Fears Huge Tax Bill

COLTON, Calif.–Jack Brown possesses a powerfully positive personality. After all, he is the chairman and chief executive officer of Stater Bros. Markets, a behemoth of a supermarket chain that currently employs more than 16,000 people and brings in sales exceeding $3.7 billion a year. Yet his optimism clouds when talk turns to the Death Tax and its potential impact on his company.

"The tax places the jobs of Stater Bros. employees at risk," Brown plainly states.

Stater Bros., which is one of the largest privately owned supermarket chains in the United States, is known for its fiercely independent approach to business and the family atmosphere that envelopes each and every store. In an industry that typically sees turnover among the highest in the country, Stater Bros. experiences about a 4 percent change in personnel per year—one of the lowest rates in the entire service sector.

"Many employees who join Stater expect to spend their entire careers here," Stater said.

And why not? Each employee, for example, receives extensive full health care benefits that cover spouse and children. The health care coverage is so extensive, in fact, that during the Gulf War, any employees called to active duty retained a portion of their salary and full family coverage at no cost. And the civic involvement that the company preaches to its employees is encouraged so much that, if an employee takes time off to volunteer, there will be no interruption in his or her salary.

Having started as a box boy at his hometown grocery store, Brown has risen to the loftiest of heights, owning a majority stake in and running the multi-billion dollar enterprise as its chief officer. Still, he realizes what made it all possible.

"Everything I've accomplished is the result of the loyalty, commitment and dedication of the men and women who perform their jobs, every day, with tremendous skill and talent. What I owe them cannot ever be fully repaid," Brown said.

But still he tries. Offering incredible benefits, great working environments and a sense of ownership to each and every employee, with their help, he gives employees a company that they are proud to be a part of. Even when Stater Bros. bought 43 stores from Albertson's, Inc., he offered all of Albertson's employees better benefits; let them retain their seniority; and even met with most of them personally to assuage their switch to Stater, even though he had already made it as seamless as possible.

In an industry dominated by larger, public supermarket chains and with so many competitors always nipping at its feet, Stater Bros. is constantly looking for ways to improve its business and better educate its workforce. An aura of uncertainty, however, permeates the company because the Death Tax might one day force the company—and its 16,000 employees—into the hands of a public conglomerate, or, even worse, many different ones. If this happened, employees would lose the family atmosphere they all have worked so hard to build and the benefits, both monetary and psychological, they have fought so hard to achieve.

"A tax policy that penalizes success runs against the grain of the nation's entrepreneurial philosophy. The threat of the Death Tax is prompting more and more family and independent businesses to disappear each year. Independents are the lifeblood of this business, and they always have been," Brown said.

Brown does have an extensive estate plan. With no children in the business, he is still anxious about the future of Stater Bros. after he leaves.

Trusted associates could take over as owners, but given the consolidation underway in the supermarket industry, Brown fears that Stater Bros. could end up going to the highest bidder. It's a scenario that gives Brown pause. A new owner, especially if it were a public company answerable to investors, might not continue the personnel and community policies that have engendered such strong employee loyalty and broad customer support.

"Our success has been built primarily on the idea that your employees are the conduit to your customers, and so we've taken some unusual steps to build a strong, loyal and dedicated employee group. But much of what we've accomplished could collapse with a change in ownership brought about by the Death Tax," Brown said.

Family Ranch in Peril

HILLSIDE, Mont.–The Christensen Ranch has been family owned and operated for three generations, but that family risks losing everything to the Death Tax—if it is not permanently repealed.

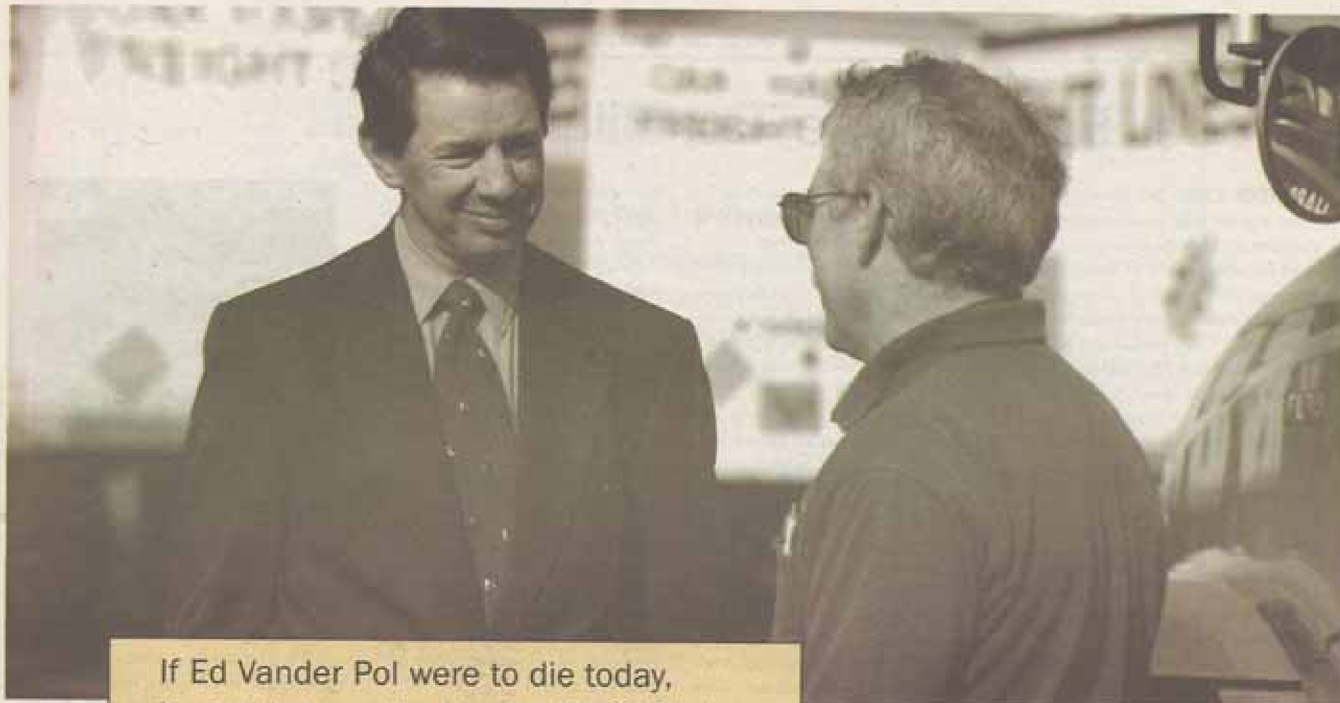
In 1911, Ray Christensen founded the Christensen Ranch. He was able to operate the ranch successfully by enlisting the help of his son and family until his death in 1971. Chris Christensen, now the owner and operator of the Christensen Ranch, explained, "In 1971, my grandfather Ray died and, because the ranch was solely in his name, my grandmother had to pay a Death Tax. Then, a year to the month later [1972], my grandmother Emma passed away and the ranch was passed down to my dad, who had to once again pay a Death Tax on the same land."

Christensen explained that the Death Tax has almost killed their ranch. "My dad operated the ranch for about six years before he was diagnosed with cancer and died. The year was 1978 and the ranch was passed down to my mom, me and my younger brother. I was 14 at the time, but I remember my mother being distraught about having to pay the Death Tax again on this land."

Life during Christensen's teen years was difficult. The family almost lost the ranch, re-mortgaging and selling off cattle to pay the bills. Fortunately, the family was able to secure an FMHA loan and enlisted the help of a family friend and fellow rancher to keep the business running.

The ranch managed to survive through some lean years, but Christensen was once again confronted with the Death Tax when their family friend died and left his ranch to him. "I was forced to pay taxes at a rate of 35 percent on the value of the inherited property. It's not like I have cash lying around and can pay this bill easily; the value of a ranch is in the land and cattle," explained Christensen.

The ranch remains in debt to this day and has experienced two decades of virtually no profit due to the Death Tax. Chris now has three children of his own, but he worries about saddling them with a huge tax bill at his death. "I hope it is possible for them to inherit and run the ranch some day as a family, but I just don't know if that will be possible. It is finally time for Congress to end this unfair tax so that family farms like mine will be able to operate in the future."



If Ed Vander Pol were to die today,
it would mean the death of 1,300 jobs.

That's what's on the line if the estate tax continues.

Since 1919, Vander Pols have employed dozens, then hundreds of local workers. Today, Oak Harbor Freight Lines has over 500 union workers and 1,300 total employees.

And it's not just the local economy that benefits. In 2002, Ed's company won the Community Partnerships Award for its volunteer services. In 2003, Oak Harbor Freight Lines transported nearly 500,000 pounds of produce free to 300 food banks and meal programs.

There are family business owners like Ed in every community in America. So it's important to think twice about who really suffers from the estate tax. We're actually taxing people who work hard, invest in their workers and save.

If quality local companies like Ed's continue to be forced to sell in the event of a family owner's death, it taxes everyone. Employees. Families. And entire communities. Let's not let this tax continuously grow back—it's time to end it for good.

THE ESTATE TAX. END IT FOR GOOD.

THE *Family Business* ESTATE TAX COALITION