



The Honorable Adrian Smith  
U.S. Congressman, Third District of Nebraska  
Chairman, House Ways and Means Human Resources Subcommittee  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Smith,

I write to you on behalf of the Policy and Taxation Group, which is an organization comprised of family-held businesses from throughout the country that are dedicated to reform of the estate tax. We recently submitted a letter for the record as part a Tax Policy Subcommittee hearing, which examined “tax extenders” and the policy justifications underlying these temporary provisions. In that letter, we urged the Subcommittee not to forget another important set of provisions that are also temporary: all of the individual tax policies included in tax reform – especially the doubling of the estate tax exemption. We now ask the same of you.

We are appreciative that tax reform included a doubling of the estate tax exemption, however, we believe that this should be a permanent change – not one which expires at the end of 2025. While we believe that eliminating the estate tax is ultimately the best approach, permanently doubling the exemption is a step in the right direction. That said, to maximize the benefits that come with reforming the estate tax, we believe that more than just a doubling of the exemption is needed.

For example, based on the 2016 Internal Revenue Service estate tax tables, 88-percent of those who filed an estate tax return fall within the current exemption; however, of those who actually *paid* the tax, 66-percent *remain* subject to the tax – despite the increased exemption. This means that many of the family-held businesses that employ millions of Americans will be at risk when their estate tax bills come due – as will the jobs that they provide. Attached to this letter is a PowerPoint (along with a one-page summary) with jobs and other economic data on 180 of the largest family-owned businesses in the United States to underscore the important role that these businesses play as job creators throughout the country.

If the Subcommittee really wants to address the “jobs gap,” you must take bold action to protect family-held businesses, spur additional job creation, and help the economy continue to grow. One legislative option that will help *all* family-held businesses subject to the estate tax: reduce the rate – which is arbitrarily the highest rate in the tax Code – to the capital gains tax rate, while maintaining step-up in basis.

In addition to a reduction in the estate tax rate, there are various other policy changes that could be implemented to protect family-held businesses from the unfair and disastrous consequences of the estate tax. As the Subcommittee continues to examine such policies in a post-tax reform world, we stand ready to serve as a resource to you, your fellow Subcommittee members, and staff and are happy to provide additional information or answer any questions that you may have.

Thank you for your consideration of these important tax policies and your continued efforts to improve our nation’s tax Code.

Sincerely,

**Pat Soldano**

Pat Soldano  
Founder, Policy and Taxation Group

# Family Businesses in U.S.

## U.S. Family Business Figures

<b>180 total businesses</b> 155 private 25 publicly traded	<b>3,002,560</b> domestic jobs	<b>\$1.7 trillion</b> combined revenue
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## By the Numbers

- In the US, family firms generate 64% of GDP & account for 65% of domestic employment<sup>1</sup>
- 78% of new job creation stems from family owned firms<sup>1</sup>
- 35% of Fortune 500 companies are family-owned or controlled<sup>1</sup>
- Family firms have higher employee retention rates than non-family firms<sup>2</sup>
- 60% of family firms have women in top management positions<sup>3</sup>
- 24% of family firms are led by a female CEO or President<sup>3</sup>

Sources: Conway Center for Family Business Fact References (accessed 1/28/18)

## Overview

- Data is based on the most recent available statistics from multiple sources (SEC 10k filings, company data, and other public data).
- "Family-owned business" defined as a public or private enterprise that is majority owned and managed by the founding family
  - Family holds at least 50% of the ownership
  - Family is active in top management
- "U.S. Employment" refers to number of domestic jobs
- The 180 firms in this study generate \$1.7 trillion annually, which is worth almost 50% of the total federal budget for 2018

Company	Family	U.S. Employment	Annual Revenue
A. G. Spanos Companies	Spanos	900	\$1.13 billion (2007)
Advance Publications	Newhouse	12,000	\$2.4 billion (2016)
Alex Lee Inc.	George	10,000	\$2 billion (2017)
Allegis Group, Inc.	Davis	15,000	\$11 billion (2016)
Alcor Global Holdings	Van Andel, DeVos	13,000	\$9.2 billion (2010)
Amerco*	Shoen	26,400	\$3.4 billion (2017)
American Century Companies	Stowers	1,300	\$878 million (2015)
American Financial Group*	Lindner	8,750	\$1.57 billion (2017)
American Greetings	Weiss	27,500	\$1.8 billion
Asplundh Tree Expert Company	Asplundh	34,000	\$3.9 billion (2016)
Bashas'	Basha	14,300	\$2.05 billion (2005)
Bechtel	Bechtel	29,000	\$32.9 billion (2017)
Berwind	Berwind	6,000	\$2.835 billion (2007)
Brookshire Grocery	Brookshire	13,795	\$2.5 billion (2016)
Brown-Forman*	Brown	2,300	\$3.08 billion (2016)
C & S Wholesale Grocers	Cohen	13,200	\$30 billion (2016)
Cargill	Cargill, MacMillan	13,000	\$120.4 billion (2016)
Carlson	Carlson	20,000	\$4.4 billion (2016)
Chick-Fil-A	Cathy	40,924	\$8 billion (2016)
Cintas*	Farmer	35,000	\$4.9 billion (2016)
Comcast*	Roberts	159,000	\$90.4 billion
Cox	Cox, Kennedy	55,000	\$20 billion (2016)
Culver Franchising System, Inc.	Culver	7,000	\$1.45 billion
Cumberland Gulf Group	Haseotes	7,200	\$16.5 billion (2016)
Dart Container	Dart	15,000	\$1.25 billion (2004)

Company	Family	U.S. Employment	Annual Revenue
Day & Zimmermann	Yoh	21,000	\$2.42 billion (2016)
Delaware North	Jacobs	35,000	\$2.6 billion (2013)
Dell*	Dell	55,000	\$54.9 billion (2016)
Demoulas Super Markets	Demoulas	25,000	\$4 billion (2014)
Dillard's*	Dillard	21,600	\$6.754 billion (2016)
E&J Gallo	Gallo	6,500	\$4.7 billion (2016)
84 Lumber	Hardy	5,000	\$2.5 billion (2015)
Enterprise Holdings	Taylor	91,000	\$19.4 billion (2016)
Enterprise Products Partnership	Duncan	6,800	\$47.9 billion (2014)
Estee Lauder Companies*	Lauder	20,000	\$11.824 billion (2017)
Fidelity Investment	Johnson	20,000	\$15.9 billion (2016)
Follett	Follett	8,000	\$3.38 billion (2017)
Ford*	Ford	85,000	\$151.8 billion (2016)
Gap Inc.*	Fisher	87,150	\$15.15 billion (2016)
Gilbane Building Company	Gilbane	2,000	\$26 billion (2014)
Golub Corporation	Golub	24,000	\$3.4 billion (2013)
Gordon Food Service	Van Westenbrugge/Gordon	13,000	\$12.6 billion (2016)
Goya Foods	Unanue	3,500	\$1.4 billion (2017)
Hallmark Cards	Hall	18,000	\$4 billion (2016)
Hasbro*	Hassenfeld	5,000	\$5.01 billion (2016)
Haworth	Haworth	4,500	\$1.8 billion (2014)
HE Butt Grocery	Butt	69,000	\$23 billion (2016)
Hearst Communications Inc.	Hearst	20,000	\$10.8 billion (2016)
Herschend Family Entertainment	Herschend	10,000	\$175 million
Hovnanian Enterprises Inc.*	Hovnanian	2,008	\$2.06 billion (2014)

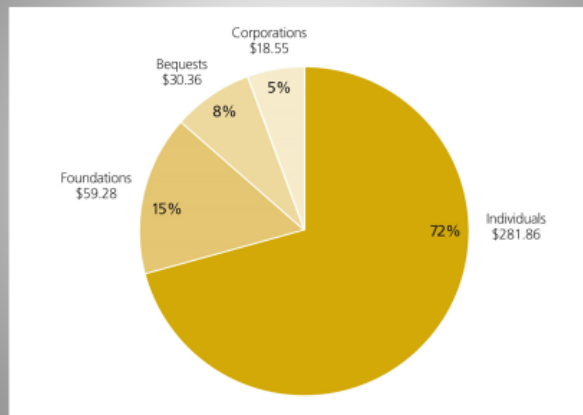
Company	Family	U.S. Employment	Annual Revenue
Hunt Consolidated, Inc.*	Hunt	4,500	\$2.7 billion
Hyatt*	Pritzker	35,309	\$4.4 billion (2016)
In N Out	Torres, Snyder	16,000	\$575 million (2015)
Ingram Entertainment Holdings Inc.	Ingram	540	\$616 million (2010)
Ingram Industries	Ingram	5,000	\$2.12 billion (2014)
JM Family Enterprises	Moran	4,200	\$14.9 billion (2017)
J.R. Simplot Company	Simplot	8,000	\$8 billion (2017)
Kelly Services*	Kelly/Adderley	8,100	\$5.5 billion (2015)
Koch Industries	Koch	60,000	\$100 billion (2015)
Kohler	Kohler	28,000	\$3 billion (2017)
Leprino Foods	Leprino	4,000	\$3 billion (2016)
Levi Strauss & Co	Strauss	4,000	\$4.5 billion (2016)
L.L. Bean	Bean	5,100	\$1.8 billion (2016)
Loew's Corporation*	Tisch	18,000	\$15.05 billion (2013)
Love's Travel Stops & Country Stores Inc.	Love	15,000	\$14.2 billion (2016)
Maritz	Maritz	4,300	\$1.2 billion (2014)
Mars Inc.	Mars	24,000	\$33 billion (2016)
Mary K	Kay/Ash	5,000	\$3.5 billion (2016)
McKee Foods	McKee	6,300	\$1.3 billion (2014)
Meijer	Meijer	77,000	\$16.1 billion (2016)
Meredith Corporation*	Meredith	3,600	\$1.8 billion (2016)
M/I Homes*	Schottenstein	785	\$1.38 billion
P. C. Richard & Son	Richard	3,000	\$1.5 billion (2012)
Penske Corp	Penske	5,000	\$26 billion
Perdue	Perdue	19,000	\$6.5 billion (2016)

Company	Family	U.S. Employment	Annual Revenue
Phillips 66*	Phillips	10,000	\$84.28 billion (2016)
Pilot Flying J	Haslam	20,000	\$22.9 billion (2016)
Publix	Jenkins	180,000	\$33.1 billion (2016)
Purdue Pharma	Sackler	1,700	\$14 billion (2015)
Raley's Supermarkets	Teel	12,000	\$3.2 billion (2016)
Retail Ventures, Inc.*	Schottenstein	18,000	\$2.91 billion (2006)
Reyes Holdings LLC	Reyes	24,000	\$25 billion (2016)
Rich Products	Rich	11,000	\$3.8 billion (2016)
Rooney Holdings	Rooney	1,975	\$1.1 billion (2005)
S.C. Johnson & Son	Johnson	12,000	\$11.75 billion (2013)
Schnuck Markets Inc	Schnuck	15,000	\$2.6 billion (2011)
Sheetz, Inc.	Sheetz	14,500	\$6.4 billion (2017)
Sierra Pacific Industries	Emmerson	5,000	\$1.01 billion (2007)
The Duchossois Group	Duchossois	3,000	\$1.41 billion
The Long & Foster Companies	Long, Foster	11,000	\$56.8 billion (2015)
The McClatchy Company*	McClatchy	5,600	\$977 million (2016)
Tishman	Tishman	1,051	\$3.56 billion (2007)
Tyson*	Tyson	108,000	\$39.6 billion (2016)
W. L. Gore & Associates	Gore	9,500	\$3.2 billion (2016)
Walsh Group	Walsh	6,500	\$5.05 billion (2016)
Watkins Associated Industries	Watkins	10,000	\$1.22 billion (2004)
Wawa Inc.	Wood	30,000	\$9.68 billion (2014)
Wegmans Food Markets, Inc.	Wegman	58,000	\$7 billion (2013)
Weis Markets Inc.*	Weis	19,000	\$2.88 billion (2015)
White Castle	Ingram	12,000	\$12 million (2013)

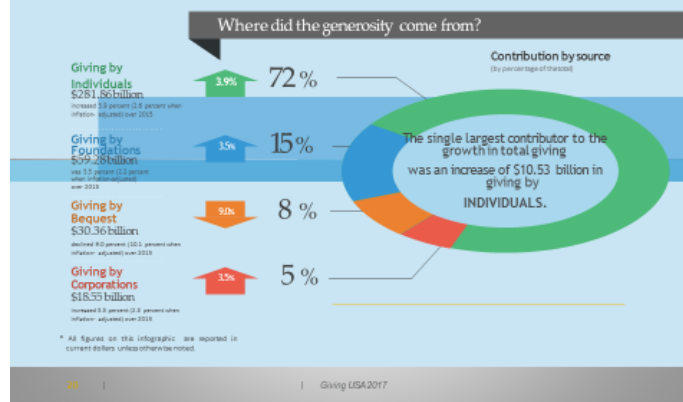
# Giving USA 2017

## Data and Summary of Charitable Giving in America by Source

Total 2016 contributions: \$390.05 billion  
(in billions of dollars)



In 2016, **INDIVIDUAL DONORS** drove the rise in philanthropic giving



## Charitable Giving in 2016

- Individuals comprised **72%** of giving, that is a total of **\$281.86 billion**
  - 3.9% increase from 2015
- Corporations comprised **5%** of giving, that is a total of **\$18.55 billion**
  - 3.5% increase from 2015

## Giving USA Highlights

- Individuals continue to be the **primary source** of philanthropy in the US
  - Increasingly from “high-net-worth households (at least \$1million in assets, excludes value of home)
- Personal disposable income is key factor
  - American individuals account for nearly **three-fourths** of all donations annually
- Common misconception: corporations & foundations comprise bulk of charitable giving

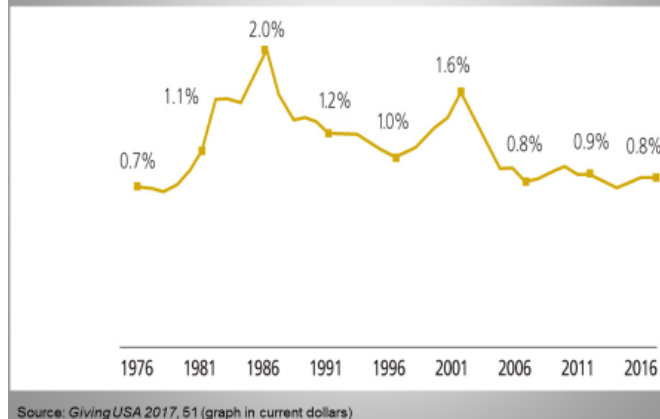
## GIVING USA 2016

- IRS Statistics of Income (SOI) data indicates from 2003 to 2013 itemized contributions grew **40%** for households with income of \$100,000 or more, with the greatest increase of 104% in households with incomes of \$10 million or more.
- Charitable deductions for households earning less than \$100,000 decreased 34% in the same time period.

## Trends in Total Giving 1976-2016



## Corporate Giving as a Percentage of Corporate Pre-tax Profits 1976-2016



## Appendix

\* Denotes publicly traded firm

*Italics* denote estimated employment based on SEC 10k filings, company data, & other public data.

*Giving USA 2017* research conducted by Indiana University Lilly Family School of Philanthropy

Study conducted by

**Heather Huffman, MPP**  
**PhD Candidate, Economics & Public Policy**  
**Claremont Graduate University**



# Family Businesses in the United States

## 180 Family Businesses in the US

- **3,002,560 of US JOBS** <sup>(1)</sup>
- \$1.7 Trillion of combined revenue <sup>(1)</sup>
- In the US, family firms generate **64% of GDP** & account for **65% of domestic employment**
- **78% of new job creation** stems from family owned firms
- **35% of Fortune 500 companies** are family-owned or controlled
- Family firms have higher employee retention rates than non-family firms
- **60% of family firms have women** in top management positions
- **24% of family firms are led by a female CEO or President**

## *Giving by Families; 2016*

- Individuals comprised **72% of giving**, that is a total of **\$281.86 billion; 3.9% increase from 2015**; Corporation comprise 5% of giving
- IRS Statistics of Income (SOI) data indicates from 2003 to 2013 itemized contributions grew 40% for households with income of \$100,000 or more, with the greatest increase of 104% in households with incomes of \$10 million or more
- Charitable deductions for households earning less than \$100,000 decreased 34% in the same time period

(1) FEUSA; Research of 180 Privately owned businesses March 2018