



MONTH XX, 2021

The Honorable Ron Wyden
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Richard Neal
Chairman
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Wyden, Chairman Neal, Ranking Member Crapo, and Ranking Member Brady:

We, the undersigned members of the Family Business Estate Tax Coalition (FBETC), write to state our unequivocal support for the continuation of stepped-up basis and to highlight the attached study from EY illustrating the economic damage that step-up repeal would inflict.

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

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be lost in each of the first 10 years and GDP would decrease by \$100 billion over 10 years if stepped-up basis were repealed.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

We respectfully urge you to protect family-owned businesses from tax increases by defending stepped-up basis and opposing any changes to current law.

ATTACH EY REPORT