



PRESS RELEASE

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Report: Obama urged to reconsider estate tax plan Tax on super-wealthy affects very few New Mexicans

ALBUQUERQUE—Less than 1 percent of New Mexicans were required to pay the federal estate tax in 2007, according to newly released data from the IRS. Nationally, just 0.7 percent of the population paid estate taxes in 2007. The new data show why President-elect Obama should reconsider his planned cuts to the estate tax, according to a report from Citizens for Tax Justice (CTJ).

In 2001, Congress enacted a schedule of tax cuts for those who inherit substantial wealth. Currently, only heirs to estates worth more than \$2 million are affected by the tax. In 2009, it will affect even fewer heirs – those whose estates are worth more than \$3.5 million. In 2010, the estate tax is scheduled to disappear entirely. Then, in 2011, the tax will return to levels closer to the pre-2001 cuts, unless Congress enacts new legislation.

President-elect Obama has proposed freezing the estate tax at the 2009 levels. While this would prevent the tax from disappearing in 2010, it would keep it at a higher level in 2011 and beyond than the current law would.

"The estate tax needs to be returned to serving its original purpose – reducing the concentration of extreme wealth into fewer and fewer hands," said Gerry Bradley, Research Director at New Mexico Voices for Children. "Super-rich families need to contribute to the society that made their wealth possible."

CTJ also cites the issue of fairness, by pointing out that the majority of Americans pay income and payroll taxes on wages they earn from work. Not only are large inheritances acquired without work, but most of the modern fortunes being handed down from one generation to the next consist of income sources, such as capital gains, that have never been taxed at all.

The CTJ report is available online at <http://www.ctj.org/pdf/estatetax20081203.pdf>

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New Mexico Voices for Children is a nonpartisan, nonprofit organization advocating for policies to improve the health and well-being of New Mexico's children, families and communities.
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