

Death Tax Adversely Affects Domestic Economy

By: Robert McKnight, second vice president, Texas and Southwestern Cattle Raisers Association

The federal estate tax, also known as the death tax, is a levy on the transfer of the estate of a deceased property owner. The Texas and Southwestern Cattle Raisers Association (TSCRA) doesn't believe death should ever be a taxable event.

The death tax is a topic that makes many ranchers, agricultural producers and landowners cringe. As a seventh-generation rancher who has dealt with this onerous tax on several occasions, I understand how difficult it can be, especially while coping with the loss of a loved one.

In 2012, Congress passed the American Taxpayer Relief Act (ATRA), narrowly avoiding a return to a \$1 million estate tax exemption with a 55 percent tax rate. The ATRA set the estate tax exemption level at \$5 million per individual or \$10 million per couple, and the top tax rate was set at 40 percent. While this legislation provided some protection for ranchers from the estate tax, a full repeal is still needed.

We too often hear stories about how ranchers are adversely impacted by the death tax, however it doesn't only affect ranchers, landowners and small business owners – this tax creates a ripple effect that causes the domestic economy to suffer.

According to the USDA, agriculture is responsible for 1 out of every 7 jobs in Texas and 1 out of every 12 jobs in the country. Each time a rancher or farmer is forced out of business to comply with the death tax, jobs are lost and the monetary output of the agricultural industry is negatively impacted, causing a major gut-punch to the economy.

Some see the death tax as a minor inconvenience for the wealthy, but this is simply not the truth. These individuals

don't realize many ranching and farming families are asset-rich and cash-poor. Most of their estate is attributed to the value of the land they own and use to raise cattle and grow food and fiber for millions worldwide. The amount of money a rancher's property is valued at can easily trigger the estate tax. This is before including the worth of the other equipment and infrastructure on the property.

If Uncle Sam comes knocking on the door demanding millions in taxes, many have no other choice but to sell off assets to come up with the cash. Piece by piece, their family's culture and heritage is sold off to pay the unreasonable tax bill. This forces ranchers to lay off skilled employees, leaving them jobless, while in-turn taking away their ability to feed and clothe their family. This costs the federal government more in reduced economic growth than it is as a source of positive tax revenues.

The middle-class takes one of the hardest hits from the estate tax. A study by the Joint Economic Committee reports that the estate tax hurts economic growth by discouraging savings and small business growth. It is a fact that many communities rely on their local farmers and ranchers to keep small businesses, such as feed stores, grocery stores and restaurants etc. operating. When a ranching or farming operation goes under due to the estate tax, each and every economic sector of a community can be harmfully impacted.

Many studies have indicated that ending the estate tax would actually increase the overall federal tax revenue by encouraging more investment. I know many ranchers, including myself, would rather focus on expanding livestock herds, re-investing in communities by creating jobs and continuing to produce affordable food for consumers.

In addition, we need to be thinking about the next generation. Our country will rely on millennials to continue



Good Cookin'! Paul Williams (right) and Reese Braswell (left) believed they had made enough pulled pork to last, not only the day, but the whole weekend! They were wrong! The hungry crowd cleaned them out by 12:20 last Saturday at the Save the Park Fun Day in Bronte. Joe Sefcik (center) looks pretty happy about the meal!

building the economy. Many young folks are hesitant to take over their family's ranching operations because they worry about inheriting a hefty estate tax along with the property.

Future generations deserve better, and we should always be encouraging them to take over and succeed in the family business. One thing is certain – American ranchers and farmers

are hands-down the best producers in the world. They work tirelessly to provide food and fiber for millions and sacrifice to build and maintain
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