Spending Millions to Save Billions

The Campaign of the Super Wealthy to Kill the Estate Tax

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United for a Fair Economy

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Introduction to the Estate Tax

The estate tax is levied when wealth is transferred at death. When people die, their assets are typically distributed to relatives, other designated individuals, or charities. If people have substantial wealth in their estate, an estate tax is paid before their wealth is passed on. This means that it is not a person who pays estate tax, but the executors on behalf of an estate. The tax is levied when an estate is settled, not at the time of death, as some opponents of the tax claim.

A surviving spouse can receive the entire estate of his or her deceased spouse, regardless of its size, without paying any estate tax. Similarly, funds donated to charity are 100 percent deductible and reduce the size of the estate, thereby reducing or eliminating the estate tax owed**.**

Only households with multiple millions or billions in net worth pay an estate tax. In 2006, individuals receive a $2 million exemption from the estate tax and couples receive a $4 million exemption. As a result, it is estimated that less than one-third of one percent (0.27 percent) of all estates will pay the federal estate tax in 2006, about one out of every 370 estates. Based on census projections for 2006, 2.3 million people will die in 2006 and only about 6,300 will have taxable estates.[1]

In other words, 99.7 percent of all people who die in the U.S. this year will be able to pass on 100 percent of their assets free of any estate tax.

Estate Tax Legislation "Sunsets" in 2011

In May 2001, Congress passed the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), which included provisions to phase out and temporarily repeal the estate tax. This law incrementally raised the amount of wealth exempted by the tax from $675,000 in 2001 to $3.5 million in 2009. In 2010, the estate tax will be repealed for one year. But in 2011, the entire tax law will sunset and the estate tax will revert to the pre-2001 law, but with a $1 million wealth exemption.[2]

The reason for this odd sunset provision of the law is that the long-term expense of abolishing the estate tax would be extremely high, estimated at about $1 trillion for the decade beginning in 2012.[3] In 2001, estate tax repeal advocates were unable to marshal the 60 votes needed to suspend Senate "pay as you go" rules. These Senate rules required that a tax cut be offset with budget cuts and/or revenue increases. Congressional tax-cutters needed to mask the long-term costs of their tax cuts, and they expected to build additional political support to return in later years to make the tax cuts "permanent." However, their efforts in 2002, 2003, and 2005 have so far failed to secure the needed Senate votes to permanently repeal the estate tax.

Without congressional action, the estate tax will be gradually reduced until it disappears in 2010, then returns one year later. [See Figure 1] This wreaks havoc on people attempting to plan for the future. It has also been the subject of sardonic attention from columnists, legislators, and talk show hosts, who style it as a perverse incentive for people to die in that year. Economist Paul Krugman humorously characterized the law as the "Throw Mama from the Train Act of 2001."[4]

Both pro-and anti-estate tax factions agree that provisions of the law need to be addressed. The question is whether Congress will modify the existing law, or repeal it permanently.

Figure 1: The Evolving Estate Tax

Year	Standard Exemption	Minimum Estate Tax Rate	Maximum Estate Tax Rate
2001	$675,000	37%	60%
2002	$1,000,000	41%	50%
2003	$1,000,000	41%	49%
2004	$1,500,000	43%	48%
2005	$1,500,000	43%	47%
2006	$2,000,000	45%	46%
2007	$2,000,000	45%	45%
2008	$2,000,000	45%	45%
2009	$3,500,000	45%	45%
2010	(tax repealed)	(tax repealed)	(tax repealed)
2011	$1,000,000	41%	55%

Congressional Budget Office, "Effects of the Federal Estate Tax on Farms and Small Businesses," July 2005

Executive Summary

Members of a handful of super-wealthy families have quietly helped finance and coordinate a massive campaign to repeal the estate tax.

These families – the members of which own the first and third largest privately held companies in the United States and hold about a 40 percent share in the world's largest retailer, Wal-Mart – stand to save a whopping $71.6 billion if their bid succeeds.

They have relied on their fortunes, the resources of their companies and their business connections to marshal a massive anti-estate tax juggernaut that has reported nearly a half-billion dollars in lobbying expenditures ($490.3 million) since 1998.

The families also have helped finance outside groups that have spent millions on fear-mongering ad campaigns intended to sway public opinion against the estate tax. These ads have shamelessly retailed myths that the estate tax is responsible for wrecking small businesses and family farms, and that regular Americans should fear a crushing tax bill when their loved ones die.

In fact, only about one-quarter of one percent of all estates will owe any estate taxes in 2006. And the American Farm Bureau, a member of the anti-estate tax coalition, was unable in 2001 to cite a single example of a family being forced to sell its farm because of estate tax liability – and that was back when the exemption level was only a fraction of what it is today.

These families also have used their inordinate wealth to make enormous political contributions to influence elections and to help open doors on Capitol Hill. Collectively, members of the families identified in this report and their companies' political action committees have, since 1999, made at least $27.7 million in contributions to candidates and federally focused political committees, largely to unregulated Section 527 committees.

Members of the super-wealthy families have also helped finance political campaigns by serving as top fundraisers for President Bush. Seven members of the families, employees of the companies they control or employees of the foundations they control have served as "Rangers" or "Pioneers," Bush's term for those who have collected $200,000 (Rangers) or $100,000 (Pioneers) for his campaigns. Bush, in turn, has adopted the talking points of the repeal advocates.

The stakes of the campaign are great, not only for the super-wealthy families, but also for the public. If the families' repeal bid succeeds, it will cost the U.S. Treasury about a trillion dollars in the first decade.

The families won their first big victory in 2001, when Congress passed legislation that called for gradually raising the estate tax exemption level – the amount people can leave to their heirs without paying any taxes – from $675,000 in 2001 to $3.5 million in 2009. The legislation called for complete elimination of the tax in 2010.

But permanent repeal of the tax would have been too expensive to enact without violating Senate budget rules or rounding up the necessary votes to override the rules. So, the estate tax foes accepted a one-year repeal, in 2010, with plans to fight again another day.

That new day has arrived. The House has passed legislation calling for a permanent estate tax repeal and Senate Majority Leader Bill Frist (R-Tenn.) has pledged to bring a vote on the issue to the floor of the Senate in early May.

For their campaign, the estate tax foes have relied on stealth, fear and fraud.

The most fundamental facet of their strategy has been maintaining a low profile while keeping up a steady drumbeat about the tax's toll on small businesses. Frank Blethen, the patriarch of one of the super-wealthy families profiled in this report, articulated this strategy plainly when he said that the repeal campaign should not appear to be one of ultra-wealthy white millionaires. "We need to stress the harm to women and minorities," he told allies. The *Seattle Times*, Blethen's newspaper, promptly published an ad lamenting the tax's toll on women and minorities.

The groups financed by the super-wealthy families have attempted to strike fear in Americans by running commercials that falsely claim or insinuate that the estate tax is wreaking havoc on family businesses and threatens to snatch the savings of ordinary Americans at death.

Facts do not support their claims. Only an infinitesimal percentage of all people who die in a given year leave businesses that amount to more than half the value of their estates and are subject to the estate tax. And those leaving legitimate family businesses are eligible for low-interest loans to help defer the effect of the estate tax.

Repeal advocates have resorted to extreme means to find examples to support their cause. In the wake of Hurricane Katrina in September 2005, Sen. Jeff Sessions (R-Ala.) asked the founder of the American Family Business Institute (AFBI), one of the anti-estate tax groups profiled in this report, to search for an example of anyone who died during the storm and whose heirs would be harmed by the estate tax. The AFBI founder proceeded to canvass Internet obituaries, but his search was in vain.

Small-business owners do not feel nearly as strongly about the estate tax as the billionaires who have used them to do their bidding. In a survey of small businesses by the National Federation of Independent Businesses in 2004, the estate tax ranked just 36th out of 75 problems. It came in below such concerns as "telephone cost and service," "ability to cost effectively advertise" and "controlling my own time."

The estate tax foes, meanwhile, have infused the debate with a steady stream of myths and misleading statements. Among their biggest whoppers is that the estate tax costs nearly as much – or as much – to collect as it brings into the treasury. In fact, the annual revenue from the estate tax is more than double the entire budget of the IRS.

Another ready talking point has been the argument that the levy represents a double tax. This one is particularly ironic in the case of the wealthy families because most of their assets have yet to be taxed a first time, let alone a second. A study commissioned by the pro-repeal AFBI assumed that 70 percent of wealthy families' assets were in the form of untaxed, unrealized capital gains. For many families, the AFBI's researchers said, the figure was as high as 90 percent.

A final argument against the estate tax – castigated as the "death tax" by its critics – is that it represents an unjust levy against hard work and thrift. But most of the members of the super-wealthy families profiled in this report are unqualified to make such claims themselves. In only a handful of the families profiled in this report is the individual who actually earned the fortune still alive. Thus, most of the members of these families can attribute their wealth to inheritance, not to their own hard work.

Section I: The Super-Wealthy Families Behind the Campaign to Repeal the Estate Tax

The current campaign to abolish the estate tax was initiated in the early 1990s by three repeal pioneers, according to Michael J. Graetz, co-author *of Death by a Thousand Cuts*, a major book on the movement. Graetz, in a speech at the American Enterprise Institute, cited estate planner-turned lobbyist Pat Soldano, estate planner Harold Apolinsky, and *Seattle Times* publisher Frank Blethen as the "original movers" of the campaign, which was still viewed as a long shot to succeed even after the Republicans won control of Congress in 1994.[5]

In the time since, members of some of the wealthiest families in the United States have helped finance and coordinate the anti-estate tax campaign. This report identifies 18 such families that have been involved in the repeal movement. Each has helped finance the lobbying effort for repeal. Several have also funded groups that have run anti-estate tax ads. All but two of these families have been reported as having assets in excess of $100 million. The other two families most likely do, as well.[6]

Collectively, these super-wealthy families have a net worth of at least $185.5 billion. They include 23 billionaires, each of whom is listed in the *Forbes* 400. They stand to save $71.6 billion if their repeal campaign succeeds. [See Figure 2]

These include:

- The owners of the first-and-third largest privately held companies in the United States (conglomerate Koch Industries Inc. and Mars Inc., maker of M&Ms); [7]
- The family that owns more than 40 percent of the stock in the world's largest retailer, Wal-Mart;[8]
- The owner of the company that makes Gallo wine and the Dorrance family, which holds more than a 40 percent interest in the Campbell Soup Company;[9] and
- The wealthiest family in the state of Alabama.

The names of several of the super-wealthy families active in the estate tax fight surfaced during a brief period in which Soldano disclosed her clients' names. Others were identified piecemeal, by scouring press accounts, lobbying disclosure reports and other public records.

These super-wealthy families have tried to keep their role in the estate tax debate quiet. Weak lobbying disclosure laws and the absence of any disclosure requirements for "grassroots" lobbying efforts, such as issue-oriented advertising campaigns, virtually ensure that other super-wealthy families active in the repeal campaign are missing from this report.

Figure 2: Estimated Estate Tax Obligations of Families Identified in this Report

Name	City	State	Family Company	Approx. Net Worth	Approx. Estate Tax[†]
Allyn-Soderberg Family				**unknown**	**unknown**
Lew F. Allyn	Skaneateles	NY	Welch Allyn Inc., Allyn Family Real Estate Company	unknown	unknown
William F. Allyn	Skaneateles	NY	Welch Allyn Inc., Allyn Family Real Estate Company	unknown	unknown
William G. Allyn	Naples	FL	Welch Allyn Inc., Allyn Family Real Estate Company	unknown	unknown
Elsa Soderberg	Skaneateles	NY	Welch Allyn Inc., Allyn Family Real Estate Company	unknown	unknown
Peter Soderberg	Skaneateles	NY	Welch Allyn Inc., Allyn Family Real Estate Company	unknown	unknown
Blethen Family				**$650.0 million[10]**	**$253.9 million**
Frank Blethen	Seattle	WA	Seattle Times Co.	unknown	unknown
Ryan Blethen	Portland	ME	Seattle Times Co.	unknown	unknown
Cox Family				**$24.8 billion**	**$9.7 billion**
Barbara Cox Anthony	Honolulu	HI	Cox Enterprises Inc.	$12.4 billion[y]	$4.8 billion
Anne Cox Chambers	Atlanta	GA	Cox Enterprises Inc.	$12.4 billion[y]	$4.8 billion
DeVos Family*				**$3.4 billion**	**$1.3 billion**
Doug DeVos	Ada	MI	Alticor Inc., Amway	unknown	unknown
Richard DeVos	Ada	MI	Alticor Inc., Amway	$3.4 billion[x]	$1.3 billion
Dorrance Family				**$6.5 billion**	**$2.5 billion**
Bennett Dorrance	Paradise Valley	AZ	Campbell Soup Co.	$1.7 billion[x]	$663.4 million
Dorrance Hill Hamilton	Wayne	PA	Campbell Soup Co.	$1.0 billion[x]	$390.4 million
Mary Alice Dorrance Malone	Coatesville	PA	Campbell Soup Co.	$1.7 billion[x]	$663.4 million
Hope Hill Van Beuren	Middletown	RI	Campbell Soup Co.	$1.0 billion[x]	$390.4 million
Charlotte Colket Weber	Ocala	FL	Campbell Soup Co.	$1.1 billion[y]	$429.4 million
Gallo Family				**$1.2 billion**	**$468.4 million**
Ernest Gallo	Modesto	CA	E&J Gallo Winery	$1.2 billion[x]	$468.4 million
Joseph Gallo			E&J Gallo Winery	unknown	unknown
Harbert Family*				**$1.5 billion**	**$585.4 million**
Marguerite Harbert	Birmingham	AL	Investments	$1.5 billion[x]	$585.4 million
Raymond Harbert			Investments	unknown	unknown
Johnson Family*				**$700 million**	**$273.4 million**
Robert Johnson		VA	BET, RLJ Development Co.	$700 million[11]	$273.4 million
Koch Family				**$24 billion**	**$9.4 billion**
Charles Koch	Wichita	KS	Koch Industries Inc.	$12 billion[y]	$4.7 billion
David Koch	Wichita	KS	Koch Industries Inc.	$12 billion[y]	$4.7 billion
Mars Family				**$30.0 billion**	**$11.7 billion**
Forrest Mars	McLean	VA	Mars Inc.	$10.0 billion[x]	$3.9 billion
Jacqueline Mars	Bedminister	NJ	Mars Inc.	$10.0 billion[x]	$3.9 billion

Name	City	State	Family Company	Approx. Net Worth	Approx. Estate Tax†
John Mars	Arlington	VA	Mars Inc.	$10.0 billion[x]	$3.9 billion
Mayer Family*				**$118 million**	**$46.4 million**
Frederick R. Mayer	Denver	CO	Captiva Resources	$118 million[12]	$46.4 million
Nordstrom Family				**$2.1 billion[13]**	**$826.5 million**
Blake W. Nordstrom	Seattle	WA	Nordstrom Inc.	Unknown	Unknown
Peter E. Nordstrom	Seattle	WA	Nordstrom Inc.	Unknown	Unknown
Erik B. Nordstrom	Seattle	WA	Nordstrom Inc.	Unknown	Unknown
Sobrato Family*				**$2.0 billion**	**$780.4 million**
John A. Sobrato		CA	Sobrato Development	$2.0 billion[x]	$780.4 million
Stephens Family				**$795.7 million[14]**	**$310.7 million**
Warren A. Stephens	Little Rock	AR	Stephens Group	unknown	
Timken Family				**$201.5 million[15]**	**$79 million**
Ward J. (Tim) Timken Jr.	Canton	OH	Timken Company	unknown	unknown
W. R. (Tim) Timken Jr.			Timken Company	unknown	unknown
John M. Timken Jr.			Timken Company	unknown	unknown
Van Andel Family				**$1.8 billion[16]**	**$702.4 million**
Steve Van Andel	Ada	MI	Alticor Inc., Amway	unknown	unknown
Walton Family				**$83.7 billion**	**$32.7 billion**
Ann Walton Kroenke	Columbia	MO	Wal-Mart	$2.6 billion[x]	$1.0 billion
Nancy Walton Laurie	Columbia	MO	Wal-Mart	$2.2 billion[x]	$858.4 million
Alice L. Walton	Ft. Worth	TX	Wal-Mart	$15.7 billion[x]	$6.1 billion
Helen R Walton	Bentonville	AR	Wal-Mart	$15.6 billion[x]	$6.1 billion
Jim C. Walton	Bentonville	AR	Wal-Mart	$15.9 billion[x]	$6.2 billion
Christy Walton	Jackson	WY	Wal-Mart	$15.9 billion[x]	$6.2 billion
S. Robson Walton	Bentonville	AR	Wal-Mart	$15.8 billion[x]	$6.2 billion
Wegman Family				**unknown**	**unknown**
Colleen Wegman	Rochester	NY	Wegmans Food Markets	unknown	unknown
Danny Wegman	Rochester	NY	Wegmans Food Markets	unknown	unknown
Totals				**$185.5 billion**	**$71.6 billion**

Notes: † Estate tax obligation estimates were prepared for Public Citizen by Citizens for Tax Justice. Because it is impossible to determine at what point in time the tax would be paid, estate tax obligations are based on assumptions that the estate would be taxed at post-2010 rates.
* Indicates that family fortune is still in its first generation
[x] Source of net worth: *Forbes* 2005 list of the 400 wealthiest Americans.
[y] Source of net worth: *Forbes* 2006 list of the world's billionaires.

Section II: How the Super-Wealthy Families Have Fought for Repeal

The super-wealthy families pressing for repeal of the estate tax have marshaled a tremendous lobbying juggernaut that has reported nearly a half-billion dollars in lobbying expenditures ($490.3 million) since 1998, the earliest year for which lobbying disclosure data is available online.[17] The absence of precise lobbying disclosure requirements makes it impossible to calculate the amount spent lobbying specifically on the estate tax, but the total would almost certainly come to tens of millions of dollars.

The families have also helped finance groups that have spent millions of dollars on advertisements in an attempt to sway public opinion.

These families have served as the engine of the anti estate tax campaign by:

- Providing money to outside groups that have lobbied members of Congress on the estate tax or run anti-estate tax ads, a practice commonly known as grassroots lobbying;
- Hiring lobbying firms with money from their own fortunes or deploying their companies' lobbyists to press the case for repeal on Capitol Hill;
- Helping coordinate the anti-estate tax lobbying efforts of the trade associations to which their companies belong; and
- Helping form, then riding the coattails of, a massive anti-estate tax business coalition consisting primarily of trade associations.

The Super-Wealthy Families Have Financed Outside Groups

The families identified in this report have provided funding to at least four outside groups – the Policy and Taxation Group, the American Family Business Institute, the Club for Growth, and Citizens for a Sound Economy (now FreedomWorks) – that have either lobbied on the estate tax, run anti-estate tax advertisements, or both.

A fifth group, the Free Enterprise Fund, was founded by the former president of the Club for Growth and partnered with the American Family Business Institute on a $7 million ad campaign in 2005.[18] [See Figure 3]

Figure 3: Anti-Estate Tax Groups Financed by the Super-Wealthy Families

Group	Known Family Funders	Group Has Reported Lobbying On the Estate Tax?	Group Has Run Ads Against the Estate Tax?
American Family Business Institute	Harbert family has contributed more than $500,000.	Yes ($1.5 million in reported expenditures, solely on the estate tax, since 1998)	Yes (Group has sponsored or co-sponsored at least three ad campaigns, including a $7 million campaign in summer 2005)
Citizens for a Sound Economy (now Freedom Works)	Koch family foundations have contributed more than $12 million.	Yes (Group has reported lobbying on the estate tax in five years since 1998)	No
Club for Growth	Stephens family has contributed nearly $1.4 million.	No	Yes (Group has run at least two anti-estate tax ad campaigns)
Policy and Taxation Group	Allyn-Soderberg, Dorrance, Gallo, Koch, Mars, Mayer, Sobrato (amounts unknown)	Yes ($4.1 million in reported expenditures, solely on the estate tax, since 1998)	No

Policy and Taxation Group

Pat Soldano, an Orange County, Calif., estate planner is invariably cited in accounts on the estate tax campaign as a pioneer in the movement. She formed a non-profit policy group – the Center for the Study of Taxation – in 1992. A few years later, she formed the for-profit Policy and Taxation Group (PTG) to lobby against the estate tax.[19] Soldano also played a leading role in the formation of the Family Business Estate Tax Coalition, a massive alliance of trade associations.[20]

Soldano has taken on at least seven of the families listed in this report as clients. Soldano listed members, or companies, of the Allyn-Soderberg, Dorrance, Gallo, Koch, Mars, Mayer and Sobrato families as clients of the Policy and Taxation Group from 1998-1999.[21] Since 2000, Soldano has chosen to mask her clients' identities by reporting the Policy and Taxation Group as lobbying on its own behalf, just as General Electric or General Motors would. This secrecy, taking advantage of a lax lobbying disclosure law, is by design. "We don't disclose our membership to anybody," she says.[22]

The Policy and Taxation Group has received at least $4.1 million in revenue since 1999 to lobby on the estate tax.[23] The group has, in turn, paid $420,000 to the powerhouse lobbying firm Patton Boggs to assist its lobbying efforts. Its separate Center for the Study of Taxation reported $213,070 in revenue in 2004.[24]

The Policy and Taxation Group also claims to "assist 'think-tank' organizations such as Citizens for a Sound Economy, The Heritage Foundation, CATO Institute, The Tax Foundation and others to distribute information about the damaging effects of estate and gift taxes."[25]

Soldano said in 2003 her group's "membership" consisted of about 65 families in 25 states.[26] Given that Soldano has claimed to represent 65 families, she may represent other families listed in this report and it is likely that she represents mega-millionaires or billionaires not identified in this report.

American Family Business Institute

The AFBI, a 501(c)(6) non-profit group, was formed in 1992 by Harold Apolinsky, an estate planner whom the AFBI's Web site dubs the "Godfather" of the repeal campaign.[27] According to *Time* magazine, Apolinsky was also the "co-author" of estate tax legislation proposed by Sen. Jeff Sessions (R-Ala.)[28]

Apolinsky has received significant financing from at least one of the wealthy families profiled in this report. In the mid-1990s, Apolinsky began receiving contributions from John Harbert, the only person in Alabama who was in the *Forbes* 400.[29] AFBI put that money toward a grant of approximately $200,000 to the Heritage Foundation, which resulted in a study, "The Case for Repealing the Estate Tax," that was influential in gaining Republican support for repeal.[30]

John's son, Raymond Harbert, now serves as a leader and benefactor of the group. He is AFBI's "funding chairman" and has personally contributed $500,000 to the AFBI.[31] The AFBI says its members own a total of 507 businesses, but the group discloses no specific information about the identities of its members.[32] Apolinsky said in 2005 that three of his clients are billionaires.[33]

The AFBI has campaigned for repeal of the estate tax with a series of advertising campaigns:

- The group financed television and radio ads attacking then-Senate Minority Leader Tom Daschle (D-S.D.) for his opposition to estate tax repeal when Daschle was up for re-election in 2004.[34]

- The group paired with the Free Enterprise Fund to run a reported $7 million ad campaign in the summer of 2005. The campaign included ads pressuring Sens. Max Baucus (D-Mont.), Tim Johnson (D-S.D.), and Chuck Schumer (D-N.Y.) to vote for repeal, and thanking Susan Collins and Olympia Snowe (both R-Maine) for their support of repeal. The campaign also targeted senators in Arkansas, Louisiana, Nevada, North Dakota, Washington, and Hawaii.[35]

- In April 2006, the group launched a new round of anti-estate tax ads, targeting Sens. Max Baucus (D-Mont.), Olympia Snow (R-Maine), and Mark Pryor and Blanche Lincoln (both D-Ark.)[36]

The group has also made substantial lobbying expenditures. Since 1998, the AFBI has spent nearly $1.5 million lobbying. The estate tax is the only issue on which it reports lobbying.[37]

Club for Growth

The Club for Growth, a group registered under Section 527 of the tax code, has received nearly $1.4 million since 2000 from the Stephens family, owners of the Stephens Group, a holding company.[38]

Following the acrimonious departure of former leader Stephen Moore, former Rep. Pat Toomey (R-Pa.) took over the reins of the Club, which had raised $1 million for Toomey and spent another million on advertising to aid him in his narrowly unsuccessful primary challenge to Sen. Arlen Specter (R-Pa.) in 2004.[39]

The Club claims more than 30,000 members, but 84 percent of the money it raised in 2004 – $7.8 million out of $9.3 million – came from just 22 corporations and four individuals who contributed at least $100,000 each.[40]

The Club has run at least two anti-estate tax ad campaigns:

- In 2004, the Club ran ads near election day attacking Sen. Tom Daschle (D-S.D.) on the estate tax. "Senator Tom Daschle wants to keep the Death Tax. Isn't a lifetime of taxes enough?" the ads said.[41]

- The Club helped fight for estate tax repeal by financing an advertising campaign in summer 2005 that targeted senators in Arkansas, Louisiana, Montana, North Dakota, Oregon, and Rhode Island, and Washington. The Club also attacked Sen. John McCain (R-Ariz.) in the key presidential primary state of New Hampshire.[42]

Free Enterprise Fund

The Free Enterprise Fund, a 501(c)(4) organization, was founded by former Club for Growth President Stephen Moore.[43] The group partnered with American Family Business Institute on a $7 million anti-estate tax ad campaign in 2005.[44]

The FEF has refused to disclose the identities of its contributors to the IRS, despite a requirement that it provide the agency with the names of those who give $5,000 or more annually. "The Free Enterprise Fund declines to provide specific identifying information on its donors on the grounds that such disclosure may chill donors' First Amendment right to associate in private with the organization," the group wrote to the IRS.[45]

The FEF has fought the estate tax by running two advertising campaigns:

- In summer 2005, the group partnered with the American Family Business Institute on a reported $7 million anti-estate tax advertising campaign that targeted senators in at least 10 states.[46] (See above)

- In March 2006, the group launched a $3.7 million ad campaign that included television ads calling on Sens. Lincoln Chafee (R-R.I.), Blanche Lincoln and Mark Pryor (both D-Ark.) and Kent Conrad and Byron Dorgan (both D-N.D.) to vote for repeal. The group has said it also plans to run ads in Washington state.[47] One of the ads used by FEF depicts vultures picking at a carcass: "The death tax can rip away 55 percent of what you save for loved ones. It's a vulture of a tax on your home, your business, the family farm, everything."[48]

Freedom Works (formerly Citizens for a Sound Economy)

David Koch, co-owner of Koch Industries, the largest privately held company in the United States, founded Citizens for a Sound Economy in 1984.[49]

Separate family foundations of David Koch and brother Charles Koch contributed more than $12 million to CSE between 1985 and 2002.[50] David Koch served as the chairman of CSE's 501(c)(3) division through 2002, while Charles served as a board member emeritus.[51] The group also has been supported by Koch Industries. CSE budget documents for 1998 indicate that Koch Industries contributed $626,500 to CSE in that year alone.[52]

The group has lobbied on the estate tax in five years since 1998, during which years the group's cumulative lobbying budget has been $795,457.[53] (The group's lobbying efforts were likely conducted by its 501(c)(4) arm, which was not eligible to receive money from the Kochs' foundations.)

The Super-Wealthy Families Have Used their Fortunes or Businesses to Press for Repeal

At least 15 of the families identified in this report have either hired lobbyists or deployed their companies' lobbyists to influence the estate tax debate. Two companies run by the super-wealthy families – Mars and Wegmans – have reported lobbying on the issue in every year since 1998. (Reports for 2006 are not yet due.)

The families' businesses have poured $27 million into lobbying since 1998. While disclosure laws do not enable a determination of how much the companies spent on estate tax lobbying alone, the $27 million figure includes only reporting periods in which the companies reported lobbying specifically on estate taxes, sometimes among other issues. [See Figure 4]

Estate tax lobbying accounts for a substantial share of the lobbying efforts of some, if not most, of the families' companies. For example, the estate tax has been the sole issue on which Wegmans has lobbied in six of eight years, during which the firm has paid lobbying firm Patton Boggs $570,000. Patton Boggs has lobbied on only one other issue on Wegmans' behalf in the other years. The Seattle Times Co. has reported lobbying on the estate tax in each of the six years since 2000, during which it has reported lobbying expenditures of $600,000. In three of those six years, the estate tax was the only issue upon which it reported lobbying. Lobbying reports filed by Mars Inc. are relatively brief for a business large enough to rank as the third largest privately held company in the United States. The estate tax figures prominently among the issues on which the company's outside firm, Patton Boggs, has reported lobbying since 1998. Mars has paid Patton Boggs $9.5 million in that time.[54]

The companies of the families identified in this report have reported lobbying on the estate tax in more than half of the years since 1998, on average.

At least one of the families has used its businesses to further the repeal campaign in another way. Frank Blethen, whose family holds a controlling interest in the Seattle Times Co., used company resources to create a pro-repeal Web site, deathtax.com.[55] Blethen also used the company to sponsor his annual "death tax summit" in May 2005. The same month, his paper ran an editorial that echoed Blethen's talking points on the issue. It was titled "Death Tax Squeezes Smaller Companies."[56]

Figure 4: Lobbying by the Super-Wealthy Families and their Businesses

Family	Family Business	Number of Years in Which Business Has Lobbied on the Estate Tax since 1998	Total Lobbying Expenditures Since 1998
Allyn-Soderberg	Welch Allyn	1	$30,000
Blethen	Seattle Times Co.	6	$600,000
Cox	Cox Enterprises	8	$9.5 million
DeVos & Van Andel Families	Alticor Inc.	8	$420,000
Dorrance	Campbell Soup	2	$10,000
Johnson	BET, LJH Development	2	$20,000
Koch	Koch Industries	7	$3.6 million
Mars	Mars Inc.	8	$9.5 million
Mayer	Captiva Resources	1	$20,000
Nordstrom	Nordstrom Inc.	1	$200,000
Sobrato	Sobrato Development	1	$20,000
Stephens	Stephens Group	7	$1.2 million
Timken	Timken Co.	4	$700,000
Wegman	Wegmans Food Markets	8	$570,000
Walton*	Wal-Mart, Walton Enterprises	4	$600,000
		4.5 (average)	**$26,990,000**

Source: Public Citizen analysis of lobbying disclosure records filed with the Secretary of the Senate.
* The Walton family has financed its estate tax lobbying effort through Walton Enterprises, a family company that holds about 40 percent of Wal-Mart's stock.

Trade Associations of the Families' Businesses Have Lobbied for Repeal

At least 10 trade associations to which the super-wealthy families' businesses belong have lobbied on the estate tax since 1998, during which time they have spent $234 million. The trade associations have reported lobbying on the estate tax in 6.5 out of the 8 years since 1988, on average. [See Figure 5]

In at least three cases, the families' companies enjoy influential positions within the associations. An executive from the Timken Co. sits on the executive board of the National Association of Manufacturers; the president of one of Cox Inc.'s subsidiaries was the chairman of the Newspaper Association of America until April 2006; and Alticor Chairman Steve Van Andel serves on the board of the U.S. Chamber of Commerce.[57]

Figure 5: Lobbying by the Trade Associations of the Families' Businesses

Family	Family Business	Trade Association to which Family Business Belongs	No. of Years in which Trade Association Has Lobbied on the Estate Tax Since 1998	Total Lobbying Expenditures Since 1998
Blethen Family	Seattle Times Co.	Newspaper Association of America	8	$11.6 million
Cox Family	Cox Enterprises	Newspaper Association of America	8	$11.6 million
		National Automobile Dealers Association	8	$4.7 million
		U.S. Telecom Association	5	$25 million
DeVos & Van Andel Families	Alticor Inc.	U.S. Chamber of Commerce#	8	$151.3 million
Dorrance Family	Campbell Soup	International Foodservice Distributors Association	8	$5.5 million
Gallo Family	E & J Gallo Winery	Wine Institute	3	$307,187
Timken Family	Timken Co.	National Association of Manufacturers	8	$31.6 million
		Automotive Aftermarket Industry Associations	2	$395,840
Walton Family	Wal-Mart	Food Marketing Institute	8	$3.2 million
Wegman Family	Wegmans Food Markets	Food Marketing Institute	8	$3.2 million
		National Grocers Association	7	$410,000
Totals	**7 Families**	**10 Associations**	**6.5 (average)***	**$234 million***

Source: Public Citizen analysis of lobbying disclosure records filed with the Secretary of the Senate.
* Totals count each trade association only once.
# Membership in the U.S. Chamber of Commerce is likely broader among companies covered in this report than this chart reflects, however a list of the Chamber's members could not be obtained.

The Super-Wealthy Families Helped Create a Massive Anti-Estate Tax Coalition

The trade associations of the wealthy families' companies and Patricia Soldano, the lobbyist who has represented at least seven of the families, played a central role in the formation of a massive anti-estate tax alliance – the Family Business Estate Tax Coalition – that has served as the main coordinator of the repeal campaign.[58]

Members of the Business Coalition, which consists of about 45 organizations, have reported combined lobbying expenditures approaching a half-billion dollars – $457 million – since 1998. [See Figure 6]

Soldano's Policy and Taxation Group assumed a leading role in the Business Coalition when it was founded in 1995. Also assuming leadership roles were representatives of three trade associations to which the super-wealthy families' businesses belong:

- Food Marketing Institute (Wal-Mart and Wegmans)
- National Association of Manufacturers (Timken Co)
- Newspaper Association of America (Cox Inc. and Seattle Times Co.)

Two of the other organizations that served as leaders at the inception of the Family Business Estate Tax Coalition – the National Federation of Independent Businesses (NFIB) and the American Farm Bureau Federation – do not disclose their member lists. They may also have connections to the wealthy families. The remaining organization in the leadership was the National Cattlemen's Beef Association.[59]

In 2001, the Business Coalition aligned with the Tax Relief Coalition, an alliance of some 1,000 member organizations initiated by the Bush administration.[60]

Bush Senior Political Advisor Karl Rove and Rove assistant Kirk Blalock recruited Dirk Van Dongen, president of the National Association of Wholesalers and Distributors, to spearhead the TRC.

Van Dongen, who has raised at least $300,000 for Bush's two presidential campaigns, acknowledged that the TRC was set up "for the express purpose of supporting the president's [tax cut] package."[61] Notably, he cited repeal of the estate tax as the coalition's top priority.[62]

The Tax Relief Coalition's inaugural event was a meeting in the Executive Office Building, next to the White House, two weeks after Bush formally announced his 2001 tax cut proposal. Bush, Treasury Secretary Paul O'Neill, economic advisor Larry Lindsey, and Rove were all present.[63]

The TRC subsequently worked to build support for the proposed tax cuts by generating phone calls and letters to editorial boards and members of Congress, producing newspaper op-eds, issuing press releases and placing advocates on talk shows.[64]

The families and their trade associations are well represented in the TRC. As of 2003, the TRC was led by a "TRC Management Committee" of 11 individuals, at least four of whom had connections to the families identified in this report.[65] The organizations they represented included:

- Citizens for a Sound Economy (which the Koch family founded and has helped finance);
- The Food Marketing Institute (of which Wal-Mart and Wegmans are members);
- The International Foodservice Distributors Association (of which Campbell Soup Company is a member); and
- The National Association of Manufacturers (of which the Timken Co. is a member.)

The TRC's power was reflected in correspondence in mid-2005 with Senate Majority Leader Bill Frist (R-Tenn.) In July of that year, the TRC sent a letter to Frist asking him to schedule an estate tax repeal vote. Frist promptly announced that he had scheduled a vote for September. In September, after Hurricane Katrina hit, Van Dongen was consulted by the Senate Republican leadership about whether to postpone the vote.[66] The vote was delayed.

Figure 6: Lobbying by Members of the Family Business Estate Tax Coalition

Group	Business of Super-Wealthy Families is a Member	Group Is Also a Member of Tax Relief Coalition	Group's Lobbying Expenditures (1998-2005)
Air Conditioning Contractors of America		Yes	$880,000
American Council for Capital Formation			$520,000
American Farm Bureau Federation			$52,529,013
American Forest and Paper Association		Yes	$13,760,000
American Hotel & Lodging Association		Yes	$475,000
American International Automobile Dealers Association		Yes	$8,568,262
Associated Builders & Contractors		Yes	$12,060,000
Associated General Contractors of America		Yes	$920,000
Association for Manufacturing Technology			$5,460,000
Association of Equipment Manufacturers		Yes	$240,000
Automotive Aftermarket Industry Association	Yes	Yes	$395,840
Communicating For Agriculture and the Self-Employed			$1,870,000
Food Marketing Institute	Yes	Yes	$3,220,000
Independent Community Bankers of America		Yes	$7,718,432
Independent Insurance Agents & Brokers of America		Yes	$6,480,787
International Foodservice Distributors Association	Yes	Yes	$5,471,308
International Franchise Association		Yes	$820,000
National Association of Convenience Stores		Yes	$8,750,000
National Association of Home Builders			$1,891,379
National Association of Manufacturers	Yes	Yes	$31,600,585
National Association of Realtors		Yes	$54,030,000
National Association of Wholesaler-Distributors		Yes	$3,249,318
National Automobile Dealers Association	Yes	Yes	$4,740,224
National Beer Wholesalers Association		Yes	$2,950,000
National Cattlemen's Beef Association		Yes	$2,560,799
National Federation of Independent Business		Yes	$19,090,370
National Funeral Directors Association			$280,000
National Grocers Association	Yes	Yes	$410,000
National Lumber and Building Material Dealers Association		Yes	$1,409,500
National Restaurant Association		Yes	$6,258,280
National Roofing Contractors Association		Yes	$1,620,000
National Telecommunications Cooperative Association			$820,000
National Utility Contractors Association		Yes	$440,000
Newspaper Association of America	Yes	Yes	$11,606,700
Northwest Woodland Owners Council			$420,000
Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO)			$480,000
Printing Industries of America		Yes	$2,829,454
Society of American Florists		Yes	$1,950,000
Tire Industry Association		Yes	$420,000
U.S. Business & Industry Council			$540,000
U.S. Chamber of Commerce	Yes	Yes	$151,269,445
United States Telecom Association	Yes	Yes	$25,060,000
Wine and Spirits Wholesalers of America		Yes	$498,000
Wine Institute	Yes		$307,187
Women Impacting Public Policy			$130,000
Total	**10 Groups**	**33 Groups**	**$456,999,883**

Sources: Letter from the FEBTC to Congress, Jan. 21, 2005; Tax Relief Coalition Web site; and lobbying disclosure records filed with the Secretary of the Senate (available at sopr.senate.gov.) Members that did not report lobbying on the estate tax are not listed, nor are members whose lobbying activities are discussed elsewhere in this report, including the American Family Business Institute, Policy and Taxation Group, and Patton Boggs LLP.

Section III: The Anti-Estate Tax Campaign Has Relied on Stealth, Deception and Dishonesty

The debate over estate tax legislation is divided into those who want to modify the law, such that fewer individuals and small businesses are affected, and those who want to repeal the law, such that nobody has to pay the tax, however wealthy.

Various repeal proposals would raise the exemption level high enough that only a minuscule fraction of estates would be subject to the estate tax. As it is, with the $2 million exemption level in effect for 2006, only about 0.27 percent of all estates are expected to face any liability this year.[67]

But for super-wealthy families, those with hundreds of millions or billions in assets, raising the exemption level would have little effect on their estate tax liabilities. They seek repeal.

These families have financed and directed a sophisticated campaign in which they have kept their role secret while bankrolling advertising campaigns that have falsely vilified the tax as a destroyer of small businesses and family farms and have sought to scare regular Americans into believing that the estate tax will snatch their savings at death.

The Super Wealthy Have Strategically Stayed Out of Sight

The super-wealthy families and their strategists – such as estate planner-turned-lobbyist Patricia Soldano – knew that the public would be far more sympathetic to the prospect of eliminating the estate tax to help small businesses and family farms than to help billionaires.

As author Graetz said in a speech: "The key to success was to put a sympathetic face on the repeal movement. Small business owners, farmers and the like, even though the bulk of the money at stake is liquid, portfolio wealth owned by people with $20 million or more in assets."[68]

So the billionaires stood back.

A key way the campaign managers have kept the spotlight off the super-wealthy families has been by keeping their names secret, even in disclosure forms filed by their lobbyists. Soldano claimed three years ago to represent about 65 families in 25 states, but she refused to identify those families. "We don't disclose our membership to anybody," she said.[69]

To maintain that secrecy, Soldano takes advantage a permissive federal lobbying disclosure law that allows special interests to use front groups to hide their role in lobbying campaigns. From 1996 to 1999, the initial years of the federal lobbying disclosure act, Soldano disclosed the families she represented as clients. They included members or companies of seven families identified in this report: the Allyn-Soderberg, Dorrance, Gallo, Koch, Mars, Mayer and Sobrato families. But, since 2000, Soldano has masked her clients' identities by listing the Policy and Taxation Group as lobbying on its own behalf, just as General Electric or General Motors would.[70]

The strategists' plan to shine a spotlight on small business owners was also illustrated in June 2005 during the "Death Tax Summit," an annual event coordinated by Frank Blethen, the patriarch of the family that retains a controlling interest in the Seattle Times Co.

Blethen insisted that the campaign must not appear to be orchestrated by ultra-wealthy white millionaires. "We need to stress the harm to women and minorities," Blethen told attendees of the summit.[71]

In July 2005, Blethen's *Seattle Times* published an ad that said "Who does the Estate Tax really hurt? It may be surprising to learn that the Estate Tax severely harms women- and minority-owned businesses." The ad carried the tagline of the Family Business Estate Tax Coalition, with the addendum "Ad space donated by The Blethen Corporation, a locally owned family business."[72]

Foes Have Misled the Public About the Cost and Reach of the Estate Tax

Perhaps the most egregious technique employed by repeal proponents has been their fear-mongering strategy of insinuating that most people's families will be affected by the tax.

Consider this claim in an advertisement that was part of a $7 million advertising campaign jointly sponsored in summer 2005 by two groups profiled in this report, the American Family Business Institute and the Free Enterprise Fund: "When you die, the IRS can bury your family in crippling tax bills. It can cost them everything."[73]

The Annenberg Center's FactCheck.org, an independent watchdog group slammed the ad for presenting "a misleading picture of who is actually affected by the tax."

"In TV and radio ads, two conservative groups greatly overstate the burden that the federal estate tax puts on heirs to a family farm or business," FactCheck.org wrote. "Contrary to the ad's claim that 'your family' might be crippled, the vast majority of families actually are not affected by the estate tax."

The AFBI launched a new round of advertisements in April 2006. Again, the group implied to viewers that the estate tax rate is 100 percent: "When some Americans die, their families lose more than a loved one," the ad's narrator says in a sinister voice. "They lose everything they have to the cruel and unfair IRS death tax."[74]

Foes Have Misled Public About Harm to Family Farms and Small Businesses

Demonizing the estate tax as a destroyer of family farms and small businesses has been the favorite tactic of the anti-estate tax campaigners. But they have had little success in finding examples of small businesses or family farms that actually have been harmed by the estate tax. Actual small business owners, meanwhile, have shown little zeal for repeal.

The anti-estate tax groups have been shameless in their phony claims about the damage the tax causes:

- "The death tax is killing American businesses ... To pay the death tax, many are forced to sell, " the Family Business Estate Tax Coalition said in a 2001 print ad.[75] [See Appendix F]

- "The [estate] tax often means that the family business or farm has to be sold at death to pay the tax bill and cannot be passed on to children or other family members," two fellows at the Free Enterprise Fund wrote in a March 2006 op-ed in the *Grand Forks* (N.D.) *Herald*.[76]

- "... the cruel and unfair death tax, the double tax that destroys family businesses, the tax farmers and ranchers fear the most," the American Family Business Institute said in an ad that began running in April 2006.[77]

These claims are dubious. The pro-repeal American Farm Bureau in 2001 could not provide the *New York Times* with a single example in which a family had to sell its farm to cover its estate tax liability, and that was when the exemption was a fraction of what it is today.[78]

Of the 2.5 million people who died in 2004, only 440 left a taxable estate with farm or business assets equal to at least half the total estate, according to the Tax Policy Center, a joint project of the Urban Institute and the Brookings Institution.[79] The Congressional Budget Office, meanwhile, has found that with a $2 million exemption, which currently applies, only 123 farms per year would owe any estate taxes.[80]

The true views of small businesses owners were revealed in a June 2004 survey commissioned by the National Federation of Independent Businesses. The business owners ranked the estate tax as their 36th most pressing concern out of 75, below such matters as "telephone cost and service," "ability to cost effectively advertise" and "controlling my own time."[81]

The dearth of examples of businesses and farms harmed by the tax has prompted repeal proponents to take desperate actions to find supporting evidence for their case.

In September 2005, in the wake of Hurricane Katrina, Sen. Jeff Sessions (R-Ala.) called the AFBI's Apolinsky, the co-author of Sessions' estate tax repeal legislation, seeking examples of "anybody that owned a business that lost life in the storm." Sessions was looking for something "push back with" in the debate over estate tax repeal.[82]

Apolinsky subsequently "reached out to [AFBI] members along the Gulf Coast to hunt for the dead," *Time* reported. Apolinsky's "estate-sniffing sleuths" spent their time "searching Internet obituaries among other places" to find examples of people who had been harmed by the estate tax.[83]

The search was evidently unsuccessful. Asked if he had found any people who were jointly victimized by the hurricane and the estate tax, Apolinsky responded “not yet ... but I’m still looking.”[84]

Groups Have Lied About the Cost to Collect the Tax

Possibly the biggest whopper told by the estate tax foes is that the cost of collecting it is equal to – or approaches – the amount collected.

Soldano’s PTG Web site claims “it costs as much to collect death taxes as it raises.”[85]

Blethen’s DeathTax.com Web site put forth a claim that “it costs the government 65 cents of every dollar raised for enforcement and compliance.”[86] The absurdity of this claim is revealed when one considers that the estate tax brought in $21.1 billion in 2004, more than double the entire budget of the IRS for that year ($10.2 billion).[87]

More Fables: The Double Tax

Another favored ploy of anti-estate tax groups has been to label the estate tax as a “double tax,” that “is unfair because the government already has taxed all savings when it first was earned as income and then has taxed the return to that savings all of the worker’s life.”[88]

But the super-wealthy families described in this report are less likely than most Americans to be afflicted with such a double tax.

A disproportionate percentage of these super-wealthy families’ assets are in the form of unrealized capital gains that has never been taxed. The Center on Budget and Policy Priorities reported that in estates with assets over $10 million, more than 56 percent of the wealth takes the form of appreciated property, stocks and bonds.[89]

A study commissioned by the anti-estate tax American Family Business Institute went further. The study’s researchers assumed that 70 percent of the total estates of wealthy families was tied up in unrealized capital gains and that the figure was often even higher, “90 percent or more.”[90]

The Estate Tax Is Misleadingly Characterized as a Tax on Hard Work

A final argument against the estate tax – castigated as the “death tax” by its critics – is that it represents an unjust levy against hard work and thrift. But most of the members of the super-wealthy families profiled in this report are unqualified to make such a claim themselves. In only a handful of the families is the individual who actually earned the fortune still alive. Thus, most of the members of these families became wealthy due to inheritance, not hard work.

Section IV: The Super-Wealthy Families Have Pumped Millions into Campaigns and Political Committees

The super-wealthy families have used their inordinate wealth to make enormous political contributions to enhance the chances of candidates that hold their views and to open doors on Capitol Hill for their lobbyists. Since 1999, members of the families identified in this report and their companies' political action committees have made at least $27.7 million in contributions to candidates and federally focused political committees. [See Figure 7]

Nearly 80 percent of the money they have contributed has gone to candidates, committees or independent groups allied with the Republican Party, which has been unwavering in its support of estate tax repeal. This includes nearly $3 million they have lavished on the Republican National Committee.

The families have taken advantage of the loophole in campaign finance law that allows corporations and wealthy individuals to evade campaign finance regulations by contributing "soft money" to unregulated Section 527 groups. More than 41 percent ($11.4 million) of the money the families have contributed has gone to 527 groups. They have been among the top fundraisers of two prominent 527 groups, the Club for Growth and Progress for America.

Figure 7: Super-Wealthy Families Giving at Least $100,000 Since 1999

Family / Family Business PAC	Percent to Democrats	Percent to Repubs.	Total Individual $	Total PAC $	Total 527 $	Total Contribs.
Walton/ Wal-Mart	11.8%	88.1%	$2,324,185	$4,479,600	$3,365,260	$10,169,045
DeVos-Van Andel/ Alticor-Amway	0.2%	99.8%	$1,559,812	$104,650	$4,428,750	$6,093,212
Koch/ Koch Industries	13.4%	86.6%	$1,213,700	$2,377,366	$648,700	$4,239,766
Cox/ Cox Enterprises	98.6%	1.3%	$520,000	$0	$1,199,400	$1,719,400
Stephens/ Stephens Group	7.6%	90%	$363,500	$204,849	$1,471,000	$2,039,349
Johnson/ BET & RLJ Development	99%	1%	$1,447,850	$0	$56,000	$1,503,850
Timken/ Timken Co.	3.3%	96.7%	$749,361	$510,000	$50,000	$1,309,361
Gallo/ E & J Gallo Wineries	89.3%	10.7%	$294,593	$0	$49,000	$343,593
Mars/ Mars Inc.	87.2%	12.8%	$15,500	$0	$100,000	$115,500
Total	**20.2%**	**79.6%**	**$8,644,501**	**$7,689,352**	**$11,368,310**	**$27,702,163**

Sources: Center for Responsive Politics and Public Citizen analysis of Section 527 data maintained by the Center for Public Integrity.

Of the top 10 recipients of campaign contributions from the super-wealthy families, six are 527 groups. The other four are national party committees that were permitted to receive unlimited campaign contributions in the 2000 and 2002 election cycles. [See Figure 8]

Figure 8: Top 20 Recipients from the Super-Wealthy Families

Recipient	Type of Recipient	Party Affiliation*	Total Received 1999 to 2005
Progress For America Voter Fund	527	R	$6,600,000
Republican National Committee	Party Committee	R	$2,952,808
Club for Growth Inc.	527	R	$1,373,700
Democratic National Committee	Party Committee	D	$1,217,000
America Coming Together - Nonfederal Account	527	D	$657,000
National Republican Congressional Committee	Party Committee	R	$597,100
National Republican Senatorial Committee	Party Committee	R	$534,500
Joint Victory Campaign 2004	527	D	$500,000
Republican Governors Association	527	R	$440,760
Republican Majority Issues Committee	527	R	$365,000
Democratic Senatorial Campaign Committee	Party Committee	D	$357,000
Democratic Congressional Campaign Committee	Party Committee	D	$342,190
Committee for Quality Education	527	R	$341,500
Republican State Leadership Committee	527	R	$186,500
President George W. Bush	Candidate	R	$168,599
Sen. Elizabeth Dole (R-N.C.)	Candidate	R	$153,000
Restoring the American Dream	527	R	$137,000
Rep. Tom Delay (R-Texas)	Candidate	R	$116,500
Lincoln, Sen. Blanche Lincoln (D-Ark.)	Candidate	D	$111,600
Rep. John Boozman (R-Ark.)	Candidate	R	$102,600

Sources: Center for Responsive Politics and Public Citizen analysis of Section 527 data maintained by the Center for Public Integrity.

*Party affiliation was assigned to PACs if at least 80 percent of their contributions were given to one party. Party affiliation was assigned to 527s based on their mission statements and activities.

The families have used their political contributions to increase their chances of winning repeal of the estate tax by using their money to defeat former Senate Minority Leader Tom Daschle (D-S.D.), by making substantial contributions to Sen. Blanche Lincoln (D-Ark.) and by playing a significant role in the re-election of President Bush, whose victory ensured that they would not face a veto threat if Congress passes a repeal.

Spending Soft Money to Defeat Daschle

The Club for Growth, a Section 527 group that has received nearly $1.4 million from the Stephens family, ran advertisements to defeat Daschle in 2004, during which time Jackson Stephens Jr. served on the Club's board.[91] The Club's ads were different than conventional "issue-advocacy" messages that seek to influence votes on an issue. These ads sought to influence the outcome of the election.

"When you die, the IRS can tax you again, taking as much as 55 percent of everything you've saved for your children," one of the Club's commercials said, adding, "Sen. Tom Daschle wants to keep the death tax."[92]

Daschle was narrowly defeated, and the Club celebrated: "One of the reasons we were so keen on spending so much money to defeat Daschle is we really felt that if we could take the other team's general out we can march over them," former Club for Growth President Stephen Moore said days after the election.[93]

In September 2005, the Federal Election Commission sued the Club, alleging that it engaged in federal races in 2004 to a sufficient degree that the group should have registered as a federal political action committee and abided by contributions limits and reporting requirements.[94]

Making Substantial Contributions to a Swing Senator

Sen. Blanche Lincoln (D-Ark.), who is viewed as an important swing vote in the estate tax repeal debate, ranks No. 3 among all members of Congress in contributions from members of the super-wealthy families and their companies PACs. She has received $111,600 since 1999, trailing only Sen. Elizabeth Dole (R-N.C.) and Rep. Tom DeLay (R-Texas.) Of Lincoln's contributions from the super-wealthy families and their companies' PACs, 72 percent came from Arkansas-based Wal-Mart and the Walton family. Others came from the Koch family (13 percent), the Stephens family (12 percent) and the Cox family (2 percent.)

Aiding President Bush's Election and Re-Election

The families used their financial resources and their connections to assist President Bush in winning election in 2000 and re-election in 2004. Four of the family members have served as "Rangers" or "Pioneers" for President Bush's campaigns, meaning that they pledged to raise $200,000 (Rangers) or $100,000 (Pioneers) for his campaign. Two of these people, Betsy DeVos and Warren "Tim" Timken went a step further: in addition to raising at least $200,000 for Bush, they raised an additional $300,000 for the Republican National Committee.[95]

Aside from the four family member Ranger-Pioneers, three employees of companies or foundations of the members of the super wealthy families served as Pioneers in 2004. [See Figure 9]

Figure 9: Top Bush Fundraisers from the Wealthy Families and their Companies

Name	Connection to Wealthy Families	Fundraiser Status	Minimum Raised
Jay Allen	Senior vice president of Wal-Mart (Walton Family)	2004 Pioneer	$100,000
Betsy DeVos	DeVos family Member	2004 Pioneer 2004 Super-Ranger	$400,000
Richard DeVos	DeVos family Member	2000 Pioneer*	--
Richard Fink	Executive vice president of Koch Industries (Koch Family)	2004 Pioneer	$100,000
Kevin Gentry	Vice president of Charles G. Koch Charitable Foundation (Koch Family)	2004 Pioneer	$100,000
Warren Stephens	Stephens family Member	2004 Ranger	$200,000
William "Tim" Timken	Timken family Member	2004 Ranger 2004 Super-Ranger	$500,000
7 fundraisers	**4 family members, 3 employees**		**$1.4 million**

Sources: Public Citizen's www.WhiteHouseForSale.org project and press reports.
* Richard DeVos pledged to raise $100,000 in 2000. The campaign did not report that he succeeded.

Aside from their roles as major fundraisers for Bush's campaign, the families proved to be among the major funders of a soft-money group, Progress for America, that spent tens of millions of dollars late in the 2004 campaign to assist Bush. The group's efforts might have tilted the election. Its $35.6 million in expenditures in the 2004 campaign cycle included a $17 million investment in "Ashley's story," an ad that described 11-year-old Ashley Faulkner – whose mother had been killed in the attack on the World Trade Center – meeting with President Bush. Post-election surveys indicated that the "Ashley's story" ad significantly affected the race.[96]

The families profiled in this report contributed $6.6 million to Progress to America: $2.6 million from Alice Walton and $2 million each from Richard DeVos and Jay Van Andel.[97]

Appendix A:
Profiles of the Super-Wealthy Families

Allyn-Soderberg Family (Welch Allyn Inc.)

The Allyns and Soderbergs own Welch Allyn Inc., a $650 million privately held medical device manufacturer based in Skaneateles, N.Y.[98] The company was co-founded by Allyn family patriarch William Noah Allyn in 1915.[99] Peter Soderberg, who resigned in early 2006 after six years as CEO of the firm, is married to Elsa Allyn Soderberg, granddaughter of co-founder, William Noah Allyn.[100] The privately held company publishes little financial information, but its annual revenue has grown from $200 million to more than $600 million since 1993.[101] The company has purchased four other businesses since 1994, one for $145 million.[102] In January 2006, the firm announced plans to build a factory in Mexico and over the next two years, to close plants in San Diego, Calif., and Chicago, and to consolidate its operations at facilities in Skaneateles and Beaverton, Ore.[103]

Using a family-controlled entity called the Allyn Family Real Estate Company (AFRE), the Allyn-Soderbergs paid at least $30,000 to Patricia Soldano's Policy and Taxation Group to lobby on the estate tax in 1998 and 1999, before Soldano's group ceased to disclose its donors.[104] Welch Allyn is also a member of the Advanced Medical Technology Association, which, in turn is a member of the Tax Relief Coalition, a group that has put particular emphasis on winning repeal of the estate tax.[105] Former Welch Allyn CEO Peter Soderberg has also personally given money to the Advanced Medical Technology Association Political Action Committee.[106]

It is not possible to estimate how much members of this family would save if the estate tax were repealed because information on the family's net worth could not be obtained.

Blethen Family (Seattle Times Co.)

Through the Blethen Corp., sixteen members of the Blethen family hold a controlling interest in the Seattle Times Co. That company, in turn, owns assorted real estate properties in Maine and Washington state, in addition to publications including the *Seattle Times*, *Walla-Walla Union Bulletin*, *Yakima Herald-Republic*, *Issaquah Press*, *Sammamish Review*, *Newcastle News*, *Portland* (Maine) *Press Herald*, *Maine Sunday Telegram*, *Kennebec Journal* and *Morning Sentinel* (Maine). In 2000, Knight-Ridder, which owns 49.5 percent of the *Times*, offered the Blethens $650 million for their 50.5 percent share of the paper.[107]

Frank Blethen is the fourth generation Blethen to run the company.[108] Ryan Blethen, son of Frank, was appointed a regional editor of the *Portland Press* after accumulating less than two years of reporting experience.[109]

Frank Blethen is one of the most vocal advocates of estate tax repeal and has exploited his control of a prominent newspaper use it to promote his cause. The *Times* has sponsored at least one of Blethen's annual "Death Tax Summits" – in May 2005.[110] Also in May 2005, the *Seattle Times* ran an editorial titled "Death Tax Squeezes Smaller Companies," which argued that "the supporters of the death tax portray it as an egalitarian measure that taxes only the rich. But its effect in the real world of business is to squeeze middle-sized companies into selling out to bigger ones."[111]

The Seattle Times Co. has lobbied Congress on the estate tax in every year since 2000, during which time its lobbying bill has been $600,000. In three of those years, the estate tax was the only issue the company lobbied upon.[112] The *Times* is also a member of the Newspaper Association of America, which, in turn, is a member of the two of the most prominent organizations pushing for repeal of the estate tax: the Family Business Estate Tax Coalition and the Tax Relief Coalition.[113] The Newspaper Association of America has lobbied on the estate tax in every year since 1998.[114]

Based on an estimate of that the Blethen family has a net worth of $650 million, a minimal estimate derived from Knight-Ridder's offer to buy the company's share of the *Seattle Times*, the family would save approximately $253.9 million if the tax were repealed.[115]

Cox Family (Cox Enterprises, Inc.)

The two Cox sisters, Barbara Cox Anthony and Anne Cox Chambers, inherited Cox Enterprises Inc. from their father, James Cox, who died in 1957.[116] Cox Enterprises Inc. owns 17 daily newspapers (including the *Atlanta Journal-Constitution*), 25 weekly publications and shoppers, 15 television stations, a 62 percent stake in an 80-radio station subsidiary, and one of the country's largest cable systems (with 6.6 million subscribers in 22 states.)[117] The firm also owns Manheim Auctions, the largest U.S. used-car auction business, which sold 10 million vehicles worldwide in 2005, and a majority stake in AutoTrader.com, an Internet auto classifieds marketplace that claims to carry 2.8 million vehicle listings from 40,000 dealers and 250,000 private owners.[118]

Cox Enterprises has lobbied on the estate tax in every year since 1998, during which time the firm's lobbying tab has been $9.5 million.[119] The family, through its company, has close ties to three other organizations that have lobbied on the estate tax – the Newspaper Association of America, the National Automobile Dealers Association (NADA) and the U.S. Telecom Association. The president of a Cox subsidiary is a former chairman of the newspaper association. Although neither the NADA nor U.S. Telecom publicly identifies its members, Cox Enterprises is closely associated with both. Its subsidiary Manheim Auctions conducts training for NADA members and Manheim's chief economist worked for NADA for 23 years before joining Manheim in 2000. Abolition of the estate tax was called a "key NADA objective" of the association's incoming president. Cox Communications had a role at the U.S. Telecom 2005 convention.[120]

The Cox sisters have a net worth of about $12.4 billion each, according to Forbes.[121] Repealing the estate tax would save their heirs an estimated $9.7 billion.[122]

DeVos and Van Andel Families (Alticor/Amway)

Jay Van Andel and Richard DeVos founded direct-selling giant Amway in 1959. Control of the company, through their Alticor holding company, is now in the hands of sons Doug DeVos, company president, and Steve Van Andel, now company chairman.[123] The company had estimated sales of $6.4 billion in 2005. Jay Van Andel died in late 2004, but the two families maintain ownership of the company.[124]

Alticor Inc. has lobbied on the estate tax in every year since 1998.[125] Steve Van Andel also represents the family business on the board of the U.S. Chamber of Commerce, which has lobbied on the estate tax in each year since 1998.[126]

In 2004, Forbes estimated that the founders of Alticor had an estimated combined net worth of $5.9 billion. Since Jay Van Andel's death in December, 2004, none of his family members has been included in the Forbes list of the 400 richest Americans.

In 2005, Forbes pegged co-founder Richard M. DeVos' net worth at $3.4 billion.[127] Their family heirs would save an estimated $1.3 billion if the estate tax were repealed.[128]

Dorrance Family (Campbell Soup Company)

The current Campbell heirs, Bennett Dorrance (net worth: $1.7 billion), Dorrance Hill Hamilton ($1 billion), May Alice Dorrance Malone ($1.7 billion), Hope Hill Van Beuren ($1 billion) and Charlotte Colket Weber ($1.1 billion) inherited their fortunes from their grandfather, condensed-soup inventor and Campbell Soup head John T. Dorrance, who died in 1930.[129] Members of the family possess about a 43 percent stake in the Campbell Soup Company, which also produces food under the brand names Pepperidge Farm, Godiva, Swanson, Mrs. Paul's, Prego, SpaghettiOs, Marie's, Healthy Request, Hungry-Man and Healthy Treasures.[130] Their share is worth about $5.1 billion.[131] The family has a history of tax avoidance. Fellow heir John Dorrance III, now worth $1.7 billion, absconded to Ireland in 1994 to avoid U.S. taxes.[132]

Dorrance Hill Hamilton paid Patricia Soldano's Policy and Taxation Group $10,000 in the latter half of 1998, before Soldano's group ceased to disclose its clients' names.[133] Campbell Soup, itself, has not disclosed lobbying on the estate tax, but it is a "Partner" member of the International Foodservice Distributors Association, which is a member of both the Tax Relief Coalition and the Family Business Estate Tax Coalition and has lobbied on the estate tax in each year since 1998.[134]

Collectively worth $6.5 billion, the five members of the Dorrance family would save an estimated $2.5 billion if the estate tax were repealed.[135]

Gallo (E&J Gallo Winery)

The Gallo family owns E&J Gallo Winery, which posted an estimated $3 billion in sales in 2004.[136] Ernest Gallo started the company with his brother Julio in the 1930s, but the operation is now run by Joseph, Ernest's son.[137]

The Gallo family has been fighting the estate tax for at least 18 years. In 1978, former Sen. Alan Cranston (D-Calif.), who received at least $3,000 in Gallo family contributions for his 1974 campaign, sponsored an amendment to give the Gallos ten years to pay any estate taxes. In 1986, another recipient of Gallo family campaign contributions, Sen. Robert Dole (R-Kansas), sponsored another "Gallo amendment" to provide a tax exemption on $5 million that the Gallos passed on to each grandchild. A $2 million per grandchild exemption was approved, but it was later reduced to $1 million.[138]

The family company was listed as a client of Patricia Soldano's Policy and Taxation Group in 1998. When the lobbying disclosure law took effect in 1998, Soldano filed a report officially terminating her lobbying for the Gallos.[139] Although official records are scant, the family has reportedly contributed tens of thousands of dollars to the Group and another Soldano's estate tax groups, the Center for the Study of Taxation.[140] While the company discloses no specific lobbying on the estate tax, it has recently had at least two representatives on the board of the Wine Institute, the California wine industry association, which has lobbied on the estate tax during three years since 1998 and is a member of the Family Business Estate Tax Coalition.[141]

Ernest Gallo, alone, has an estimated net worth of $1.2 billion. His heirs would save approximately $468.4 million if the estate tax were repealed.[142]

Harbert Family

Marguerite Harbert, 82, the richest person in Alabama, inherited her fortune, now worth an estimated $1.5 billion, from her husband, John Murdoch Harbert III, when he died in 1995.[143] John's fortune sprang from the $6,000 he won at dice on the troop ship that brought him back from World War II in the Pacific. He used the money to start a construction company that became a worldwide conglomerate involved in real estate, mining and oil and gas ventures in addition to construction.[144]

In 1990, five years before he died, John Harbert turned the Birmingham, Ala., company over to his son, Raymond, who sold some parts of the business and kept others.[145] Today, the firm has evolved into the B.L. Harbert International Group, composed of five firms, headed by Billy Harbert Jr., son of John's brother and business partner, Bill Harbert.[146]

Shortly before his death, John Harbert contributed money to the American Family Business Institute (AFBI), which had been founded in 1992 by Birmingham estate attorney and anti-tax crusader, Harold Apolinsky, who serves as its general counsel.[147] Since 1998, the earliest year for which lobbying disclosure data is available online, the AFBI has spent nearly $1.5 million lobbying on the estate tax.[148]

John Harbert's son, Raymond Harbert is described on the AFBI Web site as the organization's funding chairman.[149] This is how the Web site describes him: "Raymond is Chairman of Harbert Management Corporation, a global investment firm. Before asking others to invest in the AFBI, Raymond committed $500,000 personally.[150]

If the estate tax were repealed, the Harbert family would save an estimated $585.4 million, based on Marguerite Harbert's estimated fortune of $1.5 billion.[151]

Johnson Family (BET, RLJ Development Co.)

Robert L. Johnson founded Black Entertainment Television in 1980, stepped aside from day-to-day operations in 1996, sold the company to Viacom for about $3 billion in 2000 and formally left the company in 2005.[152] Johnson bought the Charlotte Bobcats, of the National Basketball

Association, and the Charlotte Sting of the WNBA for $300 million in 2003.[153] In early 2006, Johnson's RLJ Development Co. added to its $1 billion in hotel assets by agreeing to purchase 100 Marriott and Hilton hotels for $1.7 billion.[154] He is also in the process of setting up a new bank chain called the Urban Trust Bank, obtaining a charter from federal regulators in February 2006 and buying banks for the chain as recently as March 2006.[155]

Johnson received about $240 million in taxpayer subsidies from the Charlotte government when he acquired the franchises in 2002. That's the amount the city pledged, largely out of tax revenues, to build Johnson's NBA and WNBA teams a new 18,500-seat arena. Johnson gets to keep all the revenue from ticket sales and even 50 percent of the food, beverage and parking revenues from the city-financed stadium.[156]

Johnson told the *Washington Post* he made his case against the estate tax directly to President Bush in July 2005.[157]

Johnson's wealth is hard to pin down. In 2003, *Forbes* estimated his net worth at $1.3 billion. A year later, it said he was worth $700 million and attributed the dramatic decline to a divorce settlement.[158] Based on his reported wealth of $700 million, Johnson's heirs would save about $273.4 million if the estate tax were repealed.[159]

Koch Family (Koch Industries)

Family patriarch Fred C. Koch founded Koch Industries, now the largest privately held company in the U.S. Its $21 billion purchase of Georgia-Pacific Corp. in December 2005 vaulted Koch past Cargill to take first place on *Forbes*' list of privately held companies.[160] With a presence in 60 countries, Koch now has 80,000 employees and annual revenue of $80 billion. Charles Koch is chairman of the board and chief executive officer.[161]

The Koch brothers have used their remarkable wealth to found and support several organizations, including Citizens for a Sound Economy (CSE), now Freedom Works. David Koch served as the chairman of the organization's 501(c)(3) division through 2002 and Charles was a board member emeritus.[162] Foundations established by the Koch brothers have generously supported CSE, contributing more than $12 million to the group between 1985 and 2002.[163] The group also has received contributions from the company co-owned by the Koch brothers. In 1998, alone, the group received an additional $626,500 from Koch Industries.[164]

Citizens for a Sound Economy has reported lobbying on the estate tax in five years since 1998, although such work was likely done by its 501(c)(4) arm, while the bulk of the Koch money has been contributed to CSE's 501(c)(3) division. Koch Industries has lobbied on the estate tax in seven years since 1998. The company has also been a client of Soldano's Policy & Taxation Group.[165]

Charles and his brother, Koch Executive Vice President David, are tied for 33rd on Forbes 2006 list of the World's Richest People. Each has a net worth estimated at $12 billion.[166] Based on their combined estimated wealth of $24 billion, the heirs of the Koch brothers would save about $9.4 billion if the estate tax were repealed.[167]

Mars Family (Mars Inc.)

The Mars family owns the entirety of Mars Inc., which is the third largest privately held company in America with $19.1 billion in annual revenue. Candy is the firm's flagship product, but Mars Inc.'s products also include vending machines, electronics components and the Pedigree, Whiskas and Uncle Ben's brands.[168]

Three Mars siblings, Jacqueline, Forrest Jr. and John, have served as Mars Inc.'s vice president, CEO and chairman.[169] They inherited their wealth from their grandparents, who founded the company. Each of them is estimated to be worth about $10 billion, placing them in a tie for 19th place among the wealthiest people in America in 2005.[170]

The family's first efforts to repeal the estate tax under a Democratic Congress in the 1990s were limited in their effectiveness. *Washington Post* reporter Jonathan Weisman wrote: "In 1992, when heirs to the Mars Inc. fortune joined a few other wealthy families to hire the law firm Patton Boggs LLP to lobby for estate tax repeal, the joke on K Street was that few Washington sightseers had paid so much for a fruitless tour of the Capitol."[171]

However, as the anti-estate tax campaign began to gain traction following the Republican takeover of the House in 1994, the family began to pour more resources into it, largely using the company as a conduit. Patricia Soldano's Policy and Taxation Group reported receipt of a total of $30,000 from Mars Inc. in 1998 and 1999. The family also reportedly contributed tens of thousands of dollars to Soldano's "research group," the Center for the Study of Taxation.[172] Mars Inc., itself, has reported lobbying on the estate tax in each year since 1998.[173]

Based on an estimated wealth of $30 billion, the Mars heirs would save approximately $11.7 billion if the estate tax were repealed.[174]

Mayer Family (Captiva Resources)

Frederick R. Mayer is the chairman of Captiva Resources, a family-owned oil and gas exploration company. Much of Mayer's fortune came from the sale of his first oil company, Exeter Inc.[175]

Captiva Resources paid the Policy and Taxation Group at least $20,000 to lobby against the estate tax in 1998 and 1999 before the Group stopped disclosing its donors.[176]

The best estimate of Frederick Mayer's net worth, made in 1996, is between $118 million and $218 million.[177] His heirs would thus stand to save a minimum of $46.4 million if the estate tax were repealed.[178]

Nordstrom Family (Nordstrom Inc.)

The upscale department store chain dates to 1901, when family patriarch John W. Nordstrom and a partner opened a small shoe store. In 1971, Nordstrom's heirs took the company public to raise retirement money for the second generation of Nordstroms.[179] After a series of leadership changes, the family reasserted control of the company in 2000, ousting the top leaders and replacing them with family members.[180]

Five of the Nordstrom family's third and fourth generation family members now head the company: Chairman Bruce A. Nordstrom (grandson of the founder) and four of the founder's great-grandsons. These great grandsons are President Blake W. Nordstrom and executive vice presidents, Erik B. Nordstrom and Peter E. Nordstrom and James (Jamie) F. Nordstrom, Jr.[181]

Nordstrom Inc. paid a total of $140,000 to two lobbying firms, Kurzweil & Associates and R. Duffy Wall & Associates, to lobby on a 1999 bill that would have reduced and eventually repealed the estate tax. The bill was vetoed by President Clinton but Nordstrom continued to lobby on tax issues until just after a similar bill, the 2001 tax cut, was signed by President Bush.[182]

Collectively, the Nordstrom family holds about 20 percent of the company stock, which is worth about $2.1 billion.[183] If the estate tax were eliminated, the family's heirs would save about $826.5 million, based on the estimate that the fortune is worth $2.1 billion.[184]

Sobrato Family (Sobrato Development)

John A. Sobrato is one of the largest commercial landlords in Silicon Valley, controlling 11 million square feet of commercial property, and has a net worth of about $2 billion.[185] His career in real estate dates to 1957. Today, his son, John M. Sobrato, runs the business on a day-to-day basis.[186]

Sobrato Development paid the Policy and Taxation Group at least $20,000 to lobby on the estate tax before 2000, when the Group ceased disclosing its clients' identities.[187]

Based on an estimated net worth of $2 billion, John Sobrato's heirs would save an estimated $780.4 million if the estate tax were repealed.[188]

Stephens Family (Stephens Inc.)

Jackson Thomas Stephens joined the family investment bank, Stephens Inc., benefited from rising prices after the Great Depression, and built the firm into one of the nation's largest investment banks outside Wall Street.[189] Current holdings include Stephens Media, which operates 24 newspapers, including the *Las Vegas Review-Journal*.[190] Son Warren Stephens is now President and CEO of Stephens Inc. and was designated as a "Ranger" by the 2004 Bush-Cheney campaign, meaning he raised at least $200,000 for the presidential campaign.[191] Son Jackson Jr. served on the board in 2004 of the Club for Growth, which has run anti-estate tax ads.[192]

Jackson Stephens' fortune was estimated at $1.5 billion in 2004.[193] He died in July 2005.[194] None of his heirs is listed in the *Forbes* 400 list of the richest Americans or the Forbes "World's Richest People" list.

The Stephens family business has lobbied on the estate tax during seven years since 1998.[195]

Public Citizen estimated that the Stephens family fortune would have shrunk to $795.7 million after taxes are paid on Jackson Stephens' estate. With that net worth, the family would save $310.7 million if the estate tax were repealed.

Timken Family (The Timken Company)

Henry Timken started the Timken Company, which now makes bearings, in 1899. Since the 1920's, this company has ranked among the 250 largest U.S. corporations, and has had only five chairmen in its history, all of whom have been Timken family members.[196]

The family has been a major backer of President Bush, who is a staunch proponent of abolishing the estate tax. Former chairman W.R. "Tim" Timken, Jr. was the finance co-chair of Bush's 2004 campaign in Ohio and achieved "Ranger" fundraiser status, having raised at least $200,000 for the Bush-Cheney 2004 campaign.[197] The Timken family contributed $100,000 to Bush's first inaugural celebration and the company itself contributed $250,000 to the second.[198] After Bush was reelected, W. R. "Tim" Timken, Jr. was appointed ambassador to Germany, despite the fact that he spoke no German and had no diplomatic experience. He passed the company's chairmanship of the company on to Ward J. "Tim" Timken Jr, the fifth generation Timken family chairman.[199] Another Timken, John M. Timken, Jr., sits on the company's board. These three Timkens and trusts they control collectively own about $201.5 million in company stock.[200]

Bush visited a Timken plant in Canton, Ohio, in April 2003 to talk up his 2001 tax cut package – which included the estate tax phase-out – and to push for new tax cuts, saying they would create a million new jobs by the end of 2004.[201] In fact, the first set of tax cuts had helped push the Timken Company's taxes so low that the company didn't pay any corporate income taxes at all for two years during Bush's first term.[202] The company had also seen its profits rise from $38.7 million in 2002 to $260.3 million in 2005 and had received $395 million in government subsidies from 2001 to 2004 under a federal anti-dumping trade program.[203] In mid 2004, however, the company told its Canton workers, just before contract negotiations, that it intended to cut at least 900 jobs. Its hardball tactics enabled it to extract concessions from the union on health care benefits in exchange for a guarantee that at least 500 of the jobs would be saved.[204]

The family, through its company, is a member of two industry associations that are members of two of the leading anti-estate tax groups: the Tax Relief Coalition and the Family Business Estate Tax Coalition. A company representative is in the leadership of the Automotive Aftermarket Industry Association, which has lobbied on the estate tax and a company representative is on the board of the National Association of Manufacturers, which has lobbied on the estate tax in every year since 1998.[205] The Timken Co., itself, has reported lobbying on the estate tax during four years since 2000.[206]

Based on the family's estimated $201.5 million stake in the Timken Co., family heirs would save about $79 million if the estate tax were repealed.[207]

Walton Family (Wal-Mart)

Family patriarch Sam Walton, a former J.C. Penney clerk, opened his first discount store in Arkansas in 1962 and built it into a retailing giant that he left to his heirs in 1992. Wal-Mart is now the world's largest retailer. S. Robson Walton serves as the company's chairman. Although other heirs are not active in the company, they retain about a 40 percent share in it, worth about $83.7 billion.[208]

Walton Enterprises, controlled by the Walton family, has paid Patton Boggs $600,000 since 1999 to lobby on the estate tax and other issues.[209] Wal-Mart is a member of the Food Marketing Institute, which has lobbied on the estate tax in every year since 1998.[210] The Food Marketing Institute, in turn, is a member of the two leading anti-estate tax coalitions, the Family Business Estate Tax Coalition and the Tax Relief Coalition.

Given its estimated net worth is $83.7 billion, the family would save approximately $32.6 billion if the tax were repealed.[211]

Wegman Family (Wegmans Food Markets, Inc.)

Wegmans traces its history back to 1916, when brothers Walter and John Wegman founded their first grocery store.[212] The family now owns a gourmet supermarket chain of 70 stores, primarily in New York, Pennsylvania and New Jersey. The family-owned business reported that it had $3.8 billion in annual sales in 2005.[213] In 2005, a fourth generation Wegman, Colleen, was named president of the chain and her father, Danny, was named chief executive officer.[214]

Wegmans has paid the lobbying firm of Patton Boggs $570,000 in fees to lobby on the estate tax in every year since 1998. In six of these years, the estate tax has been the sole issue on which Patton Boggs has lobbied on Wegmans' behalf.[215]

Because the family's net worth has not been reported, it is not possible to estimate how much the Wegmans would save if the estate tax were repealed.

Appendix B:
Myths About the Estate Tax

Many of the arguments and messages that super-wealthy families, their lobbyists and trade associations use to criticize the estate tax are full of inaccuracies and distortions. These arguments are often made in media outlets owned by the families. For example, Frank Blethen, the owner of *The Seattle Times,* produced advertisements calling for repeal and invited more than 75 independent newspaper owners to run them.[216]

Research and investigative reporting have debunked many of the assertions about the negative aspects of the estate tax, yet these claims continue to be repeated in the media and in public discourse. What follows is an analysis of some of the most frequent examples.

Myth: The Estate Tax Forces Families to Sell their Farms

Several years of investigative journalism articles and congressional reports have made it clear that the notion of any farm being destroyed by the estate tax is a myth. In 2001, the pro-repeal American Farm Bureau could not provide the *New York Times* with a single example of a farm having been sold to pay the estate taxes.[217]

A 2005 report by the Congressional Budget Office found that at the current exemption level of $2 million, very few family farms would owe an estate tax. If the $2 million threshold existed in 2000, as many reform proposals would have allowed, only 123 farms in the entire country would have owed estate taxes that year. The CBO study also found that among the very few that would owe taxes, the vast majority would have sufficient liquid assets (savings, investments and insurance) to pay the taxes without having to sell off any farm assets. For example, at the $2 million threshold, only 15 of the farms would have had insufficient liquid assets to pay.[218]

Myth: The Estate Tax Destroys Family Businesses

Like the allegations about family farms, the notion that the estate tax forces family-owned enterprises out of business is equally fallacious.

Of the 2.5 million people who died in 2004, only 440 left a taxable estate with farm or business assets equal to at least half the total estate, according to the Tax Policy Center, a joint project of the Urban Institute and the Brookings Institution, and 210 of these owed less than $100,000.[219]

Myth: Estate Tax is Double Taxation

Advocates of estate tax repeal claim that the estate tax is unfair because it taxes the same money twice: once when it is earned as income and again as part of an estate. But this reflects a misunderstanding of the tax structure and of what is actually taxed in most estates.

Money in our society is frequently taxed upon transfer, so the same dollar is often taxed more than once.

The reality is that the bulk of wealth in large taxable estates has never been taxed at all. This is wealth in the form of appreciated property, stocks, and bonds that have increased in value since they were acquired or inherited – and have never been taxed. Without an estate tax, billions of dollars of untaxed capital gains would pass within wealthy families without any tax.[220]

In estates with assets over $10 million, over 56 percent of the wealth takes the form of appreciated property, stocks and bonds. As estate tax wealth exemptions rise, the tax will increasingly be levied on estates with higher percentages of appreciated property that has not been taxed.[221]

Myth: It Costs More to Comply with the Estate Tax than the Revenue It Raises

Compliance costs include both the cost to the IRS of administering the tax and the personal costs of preparing tax returns, planning for the tax, and administering an estate.[222] A 1999 study by two professors at Rutgers University concluded that the cost of estate tax compliance ranges from 6 to 9 percent of estate tax revenues. This is consistent with other forms of taxation, including the federal income tax. “The costs of administering the estate tax have been grossly overstated. We do not know why,” they wrote. “Instead of high cost, we find the estate tax to be an efficient tax.”[223]

About half the costs associated with estate taxation would remain even if the tax were repealed. Researchers Joel Friedman and Ruth Carlitz observe “activities such as selecting executors and trustees, drafting provisions and documents for the disposition of property, and allocating bequests among family members would still have to be undertaken in the absence of an estate tax.”[224]

Repeal advocates continue to propagate myths about costs of administering the estate tax. The Policy and Taxation Group’s Center on Taxation and Policy publishes a list of “Reasons the Death Tax Does Not Work,” which asserts that “it collects just 1 percent of the nation’s revenues, and dollar for dollar, it costs as much to collect death taxes as it raises.”[225] *Seattle Times* publisher Frank Blethen, patriarch of the family that owns a majority interest in the Seattle Times Co., used his deathtax.com Web site to claim, falsely, that “it costs the government 65 cents of every dollar raised for enforcement and compliance.”[226]

Myth: The Super Wealthy Avoid the Estate Tax

There is a myth that the estate tax is “voluntary” for the super wealthy and that the people who pay the estate tax have small estates and less resources to hire planners. It is true that doing estate tax planning – such as planned giving to heirs – can reduce one’s tax bill. This favors estates with greater liquidity of wealth.

But the super wealthy do pay significant estate taxes, under current law. In 2004, the 520 largest estates – those valued at over $20 million – paid a net average tax of $10.8 million each.[227]

There are only three ways that super wealthy individuals can entirely avoid paying estate taxes at death:

- Pass all wealth above the given year's exemption level to one's spouse, taking advantage of the "unlimited marital deduction;
- give all wealth above the given year's exemption level to charity, thereby reducing one's estate; or
- die in 2010, the only year that the estate tax is currently scheduled to be repealed.

Some people purchase life insurance in an amount sufficient to pay their estate taxes when they die. This doesn't enable them to avoid the tax but, in essence, to pre-pay it through insurance premiums. This effectively shields heirs from having their inheritances reduced by the amount of estate taxes, while still providing for the tax itself to be paid in full.

Myth: The Estate Tax is Confiscatory Because it Takes over Half of Someone's Estate

The top marginal estate tax rate in 2006 is 46 percent. In 2009 it will be 45 percent. But this rate applies only to amounts that do not go to a spouse or charity and that exceed the exemption. In 2006, only amounts higher than $2 million for an individual or $4 million for a couple will be taxed at that rate, and that's if no other spousal or charitable provision has been made. Therefore, a substantial portion of most estates is passed on untaxed.

According to IRS data, the "effective" rate – the percentage of estates that is actually paid in taxes – averaged about 19 percent in 2003, a year in which the top rate was 49 percent.[228]

Appendix C:
Reasons to Preserve the Estate Tax

There are three general reasons to maintain the estate tax: the revenue it raises, its positive impact on charitable giving, and its role in discouraging concentrations of wealth and power.

The Estate Tax is a Progressive Means to Raise Revenue

The federal estate tax raises substantial revenue from those most able to pay. It is the most progressive tax in the federal system, raising revenue solely from high-net-worth households.

Phasing out and then permanently abolishing the estate tax would cost $369 billion in the short term (between 2007 and 2016).[229]

If the estate tax were fully repealed between 2012 and 2021, it would cost the country almost $1 trillion in revenue, including interest on the debt.[230] Over time, the cost would mushroom to several trillion dollars.[231]

The potential revenue gap caused by elimination of the estate tax would have to be filled from a source other than the estates of the super wealthy. Potentially, $1 trillion in budget cuts or tax increases on wage earners could fill the gap. The most likely scenario is that the shortfall will be borrowed from creditor nations such as China and Japan, and will be repaid by future generations to service interest on our national debt.

The Estate Tax Has a Positive Impact on the Charitable Sector

Recent studies indicate that repeal of the estate tax would have a significant negative impact on the non-profit charitable sector. The estate tax is a substantial catalyst for giving to charities. While research shows that people with a charitable impulse give generously regardless of tax rules, the estate tax provides an incentive for additional giving as part of an estate plan.[232] The existence of the estate tax is also an incentive for increased giving while someone is alive.

Large estates are the biggest users of the deduction for charitable bequests. Absent the incentive of the estate tax, an estimated $10 billion *less* per year would be given to charity, according to a study by the Brookings Institution. The Brookings study found that repeal would reduce charitable bequests by 22 to 37 percent (between $3.6 to $6 billion per year), with a reduction in non-bequest donations making up the balance.[233] Data from the non-partisan Congressional Budget Office confirmed these findings but found the estimated loss of charitable giving to be even higher, at between $13 and $25 billion a year.[234]

Without the incentive of the estate tax, gifts to colleges, medical research facilities, arts and culture, religious institutions, social services and other nonprofit organizations will decline.

The Estate Tax Deters Concentrations of Wealth

The federal estate tax was instituted in 1916 as a means to address imbalances in the national tax system and respond to the extreme inequalities of wealth and power at the beginning of the 20th century. Around 1900, before the income tax was instituted, the country's federal revenue came from trade tariffs that primarily affected America's rural states. Prior to 1916, inheritance and estate taxes had only been instituted during times of war, such as the Civil War, and were then repealed. Rural populist social movements teamed up with urban reformers to push for permanent income and inheritance taxes in order to shift some of the tax burden off the agricultural states of the Midwest and South and onto the wealthier industrial Northeast.

They found allies among some of America's elite thinkers and wealthy individuals who were alarmed at the country's growing economic divide during America's Gilded Age (the 30 years prior to World War I). They believed that such concentrations of wealth were "un-American" and posed dangers to America's fragile experiment in democratic self-governance.

Estate tax supporters included steel magnate Andrew Carnegie, who testified before Congress in support of a robust inheritance tax. He believed that the tax would discourage the wealthy from having undue advantages and would encourage charitable giving during a person's lifetime, rather than wealth accumulation.[235] When President Theodore Roosevelt first proposed the estate tax in 1906, he observed that, "the man of great wealth owes a particular obligation to the State because he derives special advantages from the mere existence of government."[236] The estate tax was viewed as both a brake on the accumulation of wealth and a fair way for the wealthy to pay back society for their individual opportunities.

Ironically, as the U.S. enters another period of marked income and wealth inequality, Congress is now contemplating abolishing the estate tax. A recent *Business Week* article quotes Nobel Prize-winning economist James Heckman as observing, "The big finding in recent years is that the notion of America being a highly mobile society isn't as true as it used to be."[237]

The wealthiest families in the U.S. have seen their share of national income and wealth dramatically increase in the last three decades. The 145,000 households in the top one-tenth of one percent had an average income of over $3 million in 2002, 2.5 times what those in the top one-tenth of one percent earned in 1980.[238] Over the same period, the top 10 percent saw their share of income more than double while the share going to the bottom 90 percent has declined.[239] Ownership of wealth is even more concentrated, with the top 1 percent of households owning 33 percent of all wealth and 40 percent of all financial assets.[240]

Appendix D:
Recent Opinion Polls on the Estate Tax

Advertising and public relations campaigns by anti-estate tax groups have confused the public about who pays the estate tax and how much is paid. The super-wealthy families profiled in this report have expended a great deal of money on promulgating fear, uncertainty and doubt in the minds of ordinary Americans about the estate tax, the effects of which show up in the results of simplistic public opinion polls commissioned by anti-estate tax organizations.

Opponents of the estate tax claim that the general public is overwhelmingly anti-estate tax. R. J. Lehmann, the Washington correspondent of *BestWire* magazine, reported on a Harris Interactive poll in which 30 percent of respondents believed the estate tax was the least fair form of taxation and 68 percent wanted to eliminate it.[241] Among respondents earning between $35,000 and $75,000 per year, 73 percent were anti-estate tax.[242]

As with most polling, the response depends on the way questions are phrased and what choices voters are offered. If posed as stand-alone questions, all forms of taxation poll negatively. When the question of the estate tax is presented baldly without any context or connection to the benefits the government provides, results tend to be negative, but polls that offer voters more information and choices show pro-estate tax results. Two such polls conducted in 2002 and 2006 reveal that Americans prefer to either keep the estate tax as-is or reform it.[243] An additional poll shows the estate tax is their preferred way of balancing the budget:

- When asked to rank a list of potential changes to the tax system, abolishing the estate tax ranks last, and is opposed by 55 percent of respondents.[244]

- When offered the option of reforming the estate tax – rather than abolishing it – 72 percent of voters support reforming the tax or keeping the tax as it currently is, versus 22 percent who would repeal it.[245]

- When asked how they viewed eight possible choices to balance the budget, 69 percent chose keeping the estate tax on estates over $2 million as their first choice.[246]

- When asked whether to repeal the tax or keep it and use its revenue for other purposes, strong majorities of up to 76 percent preferred that Congress use funds for other purposes.[247]

Appendix E:
The Fiscal Context of the Estate Tax

Abolishing the federal estate tax would cost about $1 trillion over the first ten years of full repeal, from 2012 to 2021. This would include $745 billion in direct lost revenue plus an additional $225 billion in increased interest payments on the national debt.[248] An examination of current and possible federal budget expenditures puts this amount in perspective:

- **The Cost of the Iraq War ($750 billion to $1.27 trillion).** In the short term, the Iraq War will be a costly federal expense, and Congress is likely to support requests for additional funding. Nobel prize-winning economist Joseph Stiglitz and his coauthor Linda Bilmes estimate a total cost of between $750 billion and $1.27 trillion.[249] This estimate includes direct military spending, estimated demobilization costs, health care and payments to veterans, and interest. Stiglitz and Bilmes estimate the total economic cost of the war will be much higher than this budgetary estimate, due to its negative impact on oil prices, economic dislocation, and the dollar costs associated with human casualties.[250]

- **Cost of Medicare Prescription Drug Benefit ($797 billion).** In late 2003, Congress passed an expansion to the Medicare Prescription Drug benefit (Medicare Part D). According to the Center for Medicare and Medical Services, the cost of this benefit will be $797 billion between 2006 and 2015.[251]

- **Repeal of the Alternative Minimum Tax ($611 billion to $790 billion).** Congressional leaders have indicated a bi-partisan preference for abolishing the Alternative Minimum Tax (AMT) for individuals. When it was originally created in 1969, the AMT was a means to ensure that wealthy individuals could not use loopholes to entirely avoid paying taxes. However, the Urban Institute's Tax Policy Center estimates that by 2010, 31 million taxpayers – many in the middle class – will pay the AMT.[252] This is an unintended result of the lack of any provision in the original legislation to adjust AMT tax brackets for inflation.

  According to research by the Congressional Budget Office and the Joint Committee on Taxation, abolishing the AMT would reduce federal revenues by $611 billion between 2006 and 2015.[253] Assuming that Congress fails to offset lost AMT revenue with budget cuts, the real cost, including additional interest payments, would be $790 billion.[254]

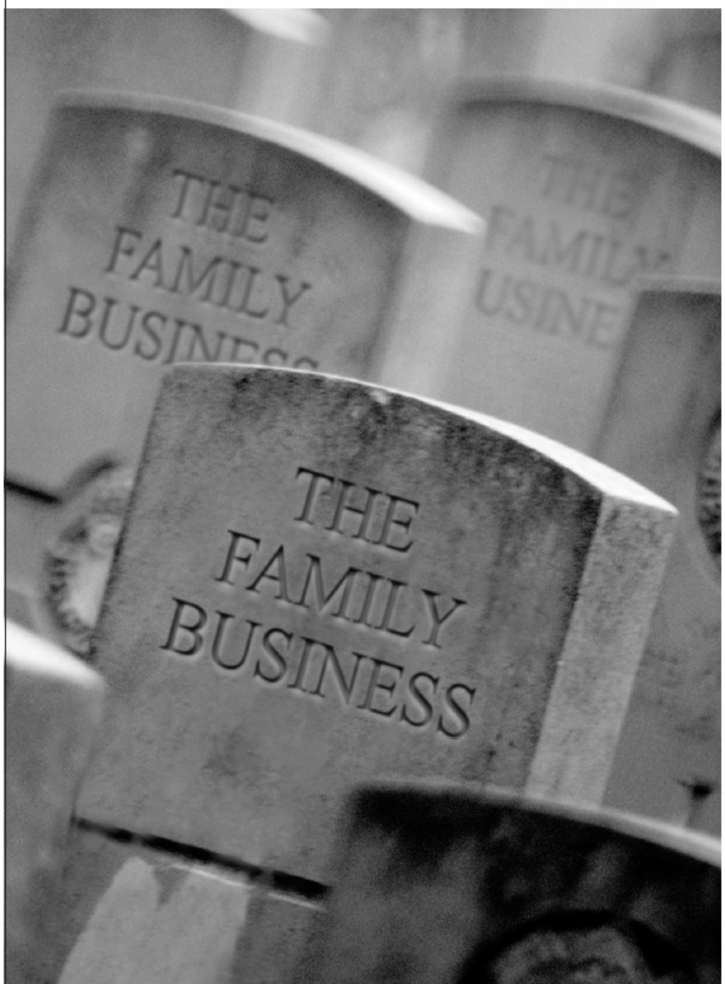
- **Extension of 2001 and 2003 Tax Cuts ($1.1 trillion).** Between 2007 and 2016, the cost of extending the tax cuts passed in 2001 and 2003, excluding their estate tax and alternative minimum tax provisions, would be $1.1 trillion, according to the Congressional Budget Office and the Joint Committee on Taxation.[255]

- **Interest on National Debt ($2.9 trillion).** The Congressional Budget Office estimates that in 2006 the nation will pay $2.9 trillion in interest on the national debt between 2007 and 2016, assuming that the 2001 and 2003 tax cuts are not extended. If those tax cuts are extended interest payments will be higher.[256]

- **Health Care Coverage for Uninsured Americans ($34 to $69 billion).** In 2004, there were 46 million Americans without health insurance.[257] The Urban Institute estimates the annual cost of insuring the uninsured at between $34 billion (using public programs) and $69 billion (using private insurance).[258]

Appendix F:
Family Business Estate Tax Coalition Anti-Estate Tax Ad

Taxed to death. *And beyond.*



The Death Tax is killing family businesses.

Of all Americans, 92% think the Death Tax is unfair. They know when a family business dies, a piece of their community goes with it. Lost forever, along with long-time jobs, local investment and charitable giving.

Small businesses account for over 66% of net new employment in America. To pay the Death Tax, many are forced to sell. Often to out-of-towners, who substantially reduce local labor forces.

The groundswell for repeal of the Death Tax is growing every day, building across both social and economic lines. It's time to hear what the vast majority of American voters are saying, save family businesses. Americans know there's no good reason why good businesses and strong communities should die.

Let's bury the Death Tax.

For good.

Over 40 diverse groups in the Family Business Estate Tax Coalition support elimination of the Death Tax

To find out more, simply go to **www.deathtax.com** *now*

Air Conditioning Contractors of America
American Farm Bureau Federation
American International Automobile Dealers Association
American Small Business Association
American Supply Association
American Vintners Association
Association for Manufacturing Technology
Associated Builders & Contractors
Associated Equipment Distributors
Associated General Contractors
Communicating for Agriculture
Food Marketing Institute
Guest & Associates, LLC
Independent Community Bankers of America
Independent Forest Products Association
Independent Insurance Agents of America
International Council of Shopping Centers
Lake States Lumber Association
Marine Retailers Association of America
National Association of Plumbing Heating-Cooling Contractors
National Association of Home Builders
National Association of Manufacturers
National Assoc. of Women Business Owners
National Automobile Dealers Association
National Beer Wholesalers Association
National Black Chamber of Commerce
National Cattlemen's Beef Association
National Cotton Council
National Electrical Contractors Association
National Federation of Independent Business
National Grange
National Indian Business Association
National Newspaper Association
National Roofing Contractors Association
National Telephone Cooperative Association
National Tooling and Machining Association
Newspaper Association of America
Northwest Woodland Owners Council
60 Plus Association
Small Business Legislative Council
Society of American Florists
Sunrise Research
Textile Rental Services Association
Tire Association of North America
United Fresh Fruit & Vegetable Association
United States Business and Industry Council
U.S. Chamber of Commerce
Wine Institute

Source: *Roll Call*, March 29, 2001

Appendix G: Senate Votes on the Estate Tax

ESTATE TAX VOTES IN THE SENATE

Senator by State	State	Party	Next Election	Reform Estate Tax: Conrad 1 6/12/02 ▼38-60	Reform Estate Tax: Dorgan 2 6/12/02 ▼44-54	Reform Estate Tax: Dorgan 1 5/21/01 ▼43-56	Repeal Estate Tax: Kyl 2 3/20/03 ●51-48	Repeal Estate Tax: Gramm 6/12/02 ▼54-44	Repeal Estate Tax: Kyl 1 2/13/02 ▼56-42	Repeal Estate Tax: H.R. 8 7/14/00 ▲59-39	Annual number of estates larger than $3.5M	Annual number of estates larger than $5M
★ Lincoln	AR	D	2010	N	N	N	Y	Y	Y	Y	22	17
* Pryor	AR	D	2008				N					
Murkowski	AK	R	2010				Y				6	0
Stevens	AK	R	2008	N	N	NV	Y	Y	Y	Y		
Sessions	AL	R	2008	N	N	N	Y	Y	Y	Y	49	41
Shelby	AL	R	2010	N	N	N	Y	Y	Y	Y		
Kyl	AZ	R	2006	N	N	N	Y	Y	Y	Y	113	46
* McCain	AZ	R	2010	N	Y	Y	N	N	N	Y		
Boxer	CA	D	2010	Y	Y	Y	N	N	N	N	880	491
* Feinstein	CA	D	2006	Y	Y	N	N	N	Y	Y		
Allard	CO	R	2008	N	N	N	Y	Y	Y	Y	70	26
* Salazar	CO	R	2010	(NA - Elected in 2004)								
Dodd	CT	D	2010	Y	Y	Y	N	N	N	N	116	73
Lieberman	CT	D	2006	Y	Y	Y	N	N	N	N		
Biden	DE	D	2008	Y	Y	Y	N	N	N	N	25	11
Carper	DE	D	2006	N	N	N	N	N	N			
★ Nelson	FL	D	2006	Y	Y	N	Y	Y	Y		574	412
Martinez	FL	R	2010	(NA - Elected in 2004)								
Chambliss	GA	R	2008				Y				98	63
Isakson	GA	R	2010	(NA - Elected in 2004)								
Akaka	HI	D	2006	Y	Y	Y	N	N	N	N	19	12
Inouye	HI	D	2010	Y	Y	Y	N	N	N	N		
★ Grassley	IA	R	2010	N	N	N	Y	Y	Y	Y	76	23
Harkin	IA	D	2008	Y	Y	Y	N	N	N	N		
Crapo	ID	R	2010	N	NV	N	Y	NV	Y	Y	17	6
Craig	ID	R	2008	N	N	N	Y	Y	Y	Y		
Durbin	IL	D	2008	Y	Y	Y	N	N	N	N	322	158
Obama	IL	D	2010	(NA - Elected in 2004)								
* Bayh	IN	D	2010	Y	Y	Y	N	Y	Y	N	94	42
Lugar	IN	R	2006	N	N	N	Y	Y	Y	Y		
Brownback	KS	R	2010	N	N	N	Y	Y	Y	Y	58	23
Roberts	KS	R	2008	N	N	N	Y	Y	Y	Y		
Bunning	KY	R	2010	N	N	N	Y	Y	Y	Y	45	27
McConnell	KY	R	2008	N	N	N	Y	Y	Y	Y		
* Landrieu	LA	D	2008	N	Y	Y	N	Y	Y	Y	54	23
Vitter	LA	D	2010	(NA - Elected in 2004)								
Kennedy	MA	D	2006	Y	Y	Y	N	N	N	N	175	86
Kerry	MA	D	2008	Y	Y	Y	N	N	N	N		
Mikulski	MD	D	2010	Y	Y	Y	N	N	N	N	122‡	59
Sarbanes	MD	D	2006	Y	Y	Y	N	N	N	N		
★ Collins	ME	R	2008	N	Y	N	N	Y	Y	Y	24	11
★ Snowe	ME	R	2006	N	Y	N	N	Y	Y	Y		
Levin	MI	D	2008	Y	Y	Y	N	N	N	N	153	83
Stabenow	MI	D	2006	Y	Y	Y	N	N	N			
Dayton	MN	D	2006	Y	Y	Y	N	N	N		75	36
Coleman	MN	R	2008				Y					
Bond	MO	R	2010	N	N	N	Y	Y	Y	Y	129	54
Talent	MO	R	2006				Y					
Cochran	MS	R	2008	N	N	N	Y	Y	Y	Y	20	13
Lott	MS	R	2006	N	N	N	Y	Y	Y	Y		
★ Baucus	MT	D	2008	N	N	Y	N	Y	Y	N	25	4
Burns	MT	R	2006	N	N	N	Y	Y	Y	Y		

‡ Includes District of Columbia at $3.5M level only.

Senator by State	State	Party	Next Election	Reform Estate Tax: Conrad 1 6/12/02 ▼38-60	Reform Estate Tax: Dorgan 2 6/12/02 ▼44-54	Reform Estate Tax: Dorgan 1 5/21/01 ▼43-56	Repeal Estate Tax: Kyl 2 3/20/03 ●51-48	Repeal Estate Tax: Gramm 6/12/02 ▼54-44	Repeal Estate Tax: Kyl 1 2/13/02 ▼56-42	Repeal Estate Tax: H.R. 8 7/14/00 ▲59-39	Annual number of estates larger than $3.5M	Annual number of estates larger than $5M
Dole	NC	R	2008				Y				156	76
Burr	NC	R	2010	(NA - Elected in 2004)								
Conrad	ND	D	2006	Y	Y	Y	N	N	N	N	14	5
Dorgan	ND	D	2010	Y	Y	Y	N	N	N	N		
Hagel	NE	R	2008	N	N	N	Y	Y	Y	Y	57	13
Nelson	NE	D	2006	N	N	N	Y	Y	Y			
Gregg	NH	R	2010	N	N	N	Y	Y	Y	Y	22	18
Sununu	NH	R	2008				Y					
Corzine	NJ	D	2006	Y	Y	Y	N	N	N		232	152
Lautenberg	NJ	D	2008				N					
Bingaman	NM	D	2006	Y	N	Y	N	N	N	N	22	14
Domenici	NM	R	2008	N	N	N	Y	Y	NV	Y		
Ensign	NV	R	2006	N	N	N	Y	Y	Y		26	21
* Reid	NV	D	2008	Y	Y	Y	N	N	N	N		
Clinton	NY	D	2006	Y	N	Y	N	N	N		422	331
* Schumer	NY	D	2010	Y	Y	Y	N	N	N	N		
★ DeWine	OH	R	2006	N	N	N	Y	Y	Y	Y	257	127
★ Voinovich	OH	R	2010	N	N	N	Y	Y	Y	N		
Inhofe	OK	R	2008	N	N	N	Y	Y	Y	Y	45	28
Coburn	OK	R	2010	(NA - Elected in 2004)								
★ Smith	OR	R	2008	N	N	N	Y	Y	Y	Y	65	21
★ Wyden	OR	D	2010	N	N	N	Y	Y	Y	Y		
Santorum	PA	R	2006	N	N	N	Y	Y	Y	Y	258	144
★ Specter	PA	R	2010	N	Y	N	Y	Y	Y	N		
* Chafee	RI	R	2006	N	N	Y	N	N	N	N	16	15
Reed	RI	D	2008	Y	Y	Y	N	N	N	N		
Graham	SC	R	2008				Y				48	34
DeMint	SC	R	2010	(NA - Elected in 2004)								
* Johnson	SD	D	2008	Y	Y	Y	N	N	Y	N	18	5
Thune	SD	D	2010	(NA - Elected in 2004)								
Frist	TN	R	2006	N	N	N	Y	Y	Y	Y	81	38
Alexander	TN	R	2008				Y					
Cornyn	TX	R	2008				Y				304	152
Hutchison	TX	R	2006	N	N	N	Y	Y	Y	Y		
Bennett	UT	R	2010	N	N	N	Y	Y	NV	Y	17	6
Hatch	UT	R	2006	N	N	N	Y	Y	Y	Y		
Allen	VA	R	2006	N	N	N	Y	Y	Y		178	74
Warner	VA	R	2008	N	N	N	Y	Y	Y	Y		
Jeffords	VT	I	2006	Y	Y	N	N	N	N	N	21	9
Leahy	VT	D	2010	Y	Y	Y	N	N	N	N		
* Cantwell	WA	D	2006	N	Y	Y	N	N	N		100	51
* Murray	WA	D	2010	N	N	N	N	N	N	Y		
Feingold	WI	D	2010	N	N	Y	N	N	N	N	93	50
Kohl	WI	D	2006	Y	Y	Y	N	N	N	N		
Byrd	WV	D	2006	Y	Y	Y	N	N	N	N	31	20
Rockefeller	WV	D	2008	Y	Y	Y	N	N	N	N		
Enzi	WY	R	2008	N	N	N	Y	Y	Y	Y	12	6
Thomas	WY	R	2006	N	N	N	Y	Y	Y	Y		
Total U.S. (includes 11 estates in D.C. and other areas for the $5M level)											5,854	3,283

Goal: ★ : Switch vote on repeal. * : Shore up vote against repeal.

Proposal:
Conrad: Amendment to raise exemption to $3.5 million ($7 million per couple).
Dorgan: Amendment to raise exemption to $4 million ($8 million per couple) with unlimited exemption for family businesses.
Gramm: Amendment calling for permanent repeal of Estate Tax.
Kyl 1: Amendment calling for permanent repeal of Estate Tax.
Kyl 2: Amendment to accelerate total repeal of Estate Tax from 2010 to 2009. This procedural amendment was not implemented.
H.R. 8: Permanent repeal of Estate Tax. (Vetoed by President Clinton.)

Result: ▲: Approved ▼: Defeated (Gramm and Kyl 1 each required 60 votes to pass.) ●: Not implemented.

Sources: For number of large estates: $3.5 million: Quantria Strategies, for 2009. $5 million: Center on Budget and Policy Priorities, for 1999. Both estimates based on IRS data for 1999.

Endnotes

[1] Calculation is an extrapolation based on estimate by the Congressional Budget Office of the number of estates that would have owed estate taxes in 2000 if a $2 million exemption applied compared to the total number of estates in 2000. Sources: Congressional Budget Office, "Effects of the Federal Estate Tax on Farms and Small Businesses," July 2005 and Internal Revenue Service, "Table 17: Estate Tax Returns as a Percentage of Adult Deaths, Selected Years of Death, 1934-2002," Statistics of Income Tax Statistics, Statistics of Income Bulletin: Historical Tables and Appendix.
[2] Under the previous estate tax law, passed in 1997, the wealth exempted by the tax was scheduled to rise to $1 million by 2006.
[3] Joel Friedman and Arloc Sherman, "House to Vote on Permanent Repeal of Estate Tax," Center on Budget and Policy Priorities, April 12, 2005. (Calculation determined by using the Joint Committee on Taxation's estimate of the cost of repeal in 2015 and assuming cost of full repeal as a share of GDP would be constant in each year between 2012 and 2021, then estimating the added interest on the national debt incurred as a result of the repeal.)
[4] Paul Krugman, "Reckonings: Bad Heir Day," *New York Times*, May 30, 2001.
[5] Michael J. Graetz, "Death by a Thousand Cuts: The Fight over Taxing Inherited Wealth," speech at the American Enterprise Institute, July 18, 2005.
[6] The families for which net worth estimates could not be obtained include the owners of gourmet grocery chain Wegmans and the family that owns Welch Allyn Inc., a medical device manufacturer that posted revenue of $500 million in 2005. (The families' business connections are discussed in Appendix A.)
[7] Daniel Fisher, "Mr. Big," *Forbes*, March 13, 2006 and America's Largest Private Companies, *Forbes*, Nov. 12, 2004.
[8] Jim Hopkins, "Wal-Mart Family Lobbies for Tax Cuts, *USA Today*, April 5, 2005.
[9] Hoover's company profile.
[10] Source of net worth: The *Puget Sound Business Journal* reported in 2000 that Knight-Ridder offered to buy out the Blethen family's stake in the Seattle Times Co. for $650 million. This is the most recent estimate of the value of the Blethens' stake in the company. Todd Bishop, "Times Co. Says No Again to KR," *Puget Sound Business Journal*, Nov. 10, 2000.
[11] Source of net worth: *Forbes* 400 2003 Robert L. Johnson profile and *Forbes* 2004 Robert L. Johnson sidebar in *Forbes'* billionaires' list.
[12] "The State's Richest People: 50 Colorado Fortunes," *Denver Post*, October 6, 1996.
[13] Public Citizen calculates the capitalization of Nordstom at $10.6 billion, based on April 13, 2006 proxy statement report that the company had 270,533,129 shares outstanding on March 15, 2006 and the closing share price on April 19, 2006 of $39.15. Separately, Hoover's estimates that the family owns 20 percent of the stock.
[14] Source of net worth based on *Forbes* 2004 list of wealthiest Americans, which attributed a $1.5 billion fortune to Jackson Thomas Stephens & Family. Jackson Thomas Stephens died in July 2005. Wealth figure cited here assumes that Stephens' estate paid $585.4 million in estate taxes. The figure is likely lower than reality because Jackson Thomas Stephens did not likely hold all of the family's wealth.
[15] Source of net worth: Timken Co. proxy statement filed March 10, 2006, page 12, footnote 5 says Timken family members "have in the aggregate sole or shared voting power with respect to at least an aggregate of 10,978,412 shares" in the company. That figure includes 5,247,944 shares held by The Timken Foundation of Canton. Deducting those shares leaves 5,730,468 shares. At the mid-day price of $35.17 on April 19, 2006, those shares are valued at $201.5 million.
[16] Source of net worth based on *Forbes* 2004 list of wealthiest Americans, which attributed a $2.9 billion fortune to Jay Van Andel. Wealth figure cited here assumes that Jay Van Andel's estate paid $1.1 billion in estate taxes and left the rest to family heirs.
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