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BAUCUS ENGAGES EXPERTS ON ESTATE TAX ALTERNATIVES, PROPOSALS FOR TRANSITION

Finance Chairman says he intends to work toward action on estate tax this year

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today continued the panel’s review of the Federal estate tax system, in anticipation of the scheduled expiration of current estate tax law in 2010-2011. Chairman Baucus, who supports full repeal of the estate tax, pledged to work this year toward an improved and simplified system to address the current system of taxation of assets transferred from one family member to another in life and at death.

In particular, the Chairman asked what rules should be considered for transition to a system that better serves family-owned businesses, including ranchers and farmers in Montana and around the country.

“I’m interested in simplifying the estate tax, which continues to unfairly burden family-owned businesses like the farms and ranches in my home state of Montana and around the country,” said Baucus. **“People plan their estates and if we move to a different system, we need safeguards in place to make that transition go smoothly.”**

Responses from witnesses at the hearing included the possibility of a tax credit that would be issued for prior taxes paid under the current system, and the idea of deferring at the time of transfer assessed taxes on assets such as land and livestock until such time as the assets are sold. Another suggestion was moving to an income inclusion system, which would count transferred assets as income and tax them as such.

Baucus said today that it might be difficult to achieve Committee action on estate tax legislation this year, but that he fully intends to work with his colleagues toward that goal.

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