

**Transcript of Remarks by Senator Kent Conrad (D-ND)
at Press Conference on Permanent Repeal of Estate Tax
June 7, 2006**

Welcome. Good to see you all. Let me just say that there is a great hoax being perpetrated on the American people. People say there is a death tax in this country. There is no death tax. There is not one death tax in America.

We do have a tax on wealthy estates. In fact, only one-half of one percent of estates pay anything in America. That is the truth. It's not a death tax. There is a tax on wealthy estates. In fact, under current law a couple can shield \$4 million before paying any estate tax. Under current law, that will increase to \$7 million in 2009.

And now a handful of very wealthy families have spent \$200 million over the last several years trying to convince the American people there is a death tax. One of my colleagues just had a baggage handler at an airport stop him and tell him, please repeal that death tax. Well, that gentleman, unless he's won the lottery, need not fear the estate tax because it doesn't apply to virtually anyone. Only one-half of one percent of estates pay it.

Now, we have a proposal to eliminate it. That would cost \$776 billion from 2012 to 2021 – \$776 billion. In addition, we'd lose \$213 billion of interest. So the cost to the Federal treasury would be approaching \$1 trillion – \$1 trillion when we already can't pay our bills.

This year, we're going to add \$608 billion to the debt. I know that they talk about the deficit as being some \$320 billion, but what is going to be added to the debt in this country is over \$600 billion in this year alone.

Over the next five years, the debt of this country is skyrocketing from \$8.6 trillion at the end of this year to nearly \$12 trillion five years from now. And in that context, some of our colleagues are proposing eliminating the estate tax, the tax on the wealthiest estates in our country.

It is unconscionable; it is unwise; it is reckless; and it will contribute to economic decline in this country. Why? Because we are borrowing enormous sums of money in this country to float the boat. And, increasingly, this money is being borrowed from abroad. Let me just show you, it took 42 Presidents – it took all these Presidents – 224 years to borrow \$1 trillion from foreign countries. This President has more than doubled that amount in just five years.

So we now owe Japan over \$600 billion; we owe China over \$300 billion; we owe the United Kingdom almost \$200 billion; the oil exporters, we owe almost \$100 billion. This spectacle of the legislation before Congress is this: It suggests we go and borrow, because most of the borrowing we're now doing is from these foreign countries. Those who want to eliminate the estate tax would go borrow the money from China and Japan to give a tax break to one-half of one percent of the wealthiest estates in this country, estates worth over \$4 million.

You see what's happening in the market. The stock market is going down. Interest rates

are going up. What do you think will happen if this week the Congress surrenders another \$1 trillion of revenue and digs the hole even deeper? This makes no sense. It threatens the economic security of our country. It threatens the national security of America. It is profoundly unwise.

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Question: How much exactly, even if we just froze (the estate tax exemption) at 2009, how much does that cost?

Conrad Answer:

If we froze it at 2009, that would be \$3.5 million a person or \$7 million a couple with a rate of 45 percent. That loses several hundred billion dollars instead of approaching a trillion dollars.

Let me say the Kyl compromise is no compromise. That is a capitulation. The Kyl compromise loses 84 percent of the revenue.

You know what is very hard to understand is in the context of where we are today. We've added \$3 trillion to the debt under the Bush administration's leadership. We're going to add another \$3 trillion over the next five years. That is almost a doubling of the national debt, and debt held by foreign interests has already more than doubled in just five years. This is an utterly unsustainable course.

One reason you see inflation moving up, interest rates moving up, the stock market moving down, is because of the fiscal imbalances. And to take another trillion dollars out of the revenue base from 2012 to 2021 is just wildly irresponsible. It is wildly irresponsible. You know, they are not proposing cutting spending by a like amount. They're not proposing coming up with other revenue to replace this lost trillion dollars. They just want to stack it on the debt.

They want to go to Japan and China and borrow another trillion dollars from them. What does that do to America's long-term strength? What does that do to our position in the world? We go with a hat in hand with a tin cup to every country in the world borrowing money, and these guys propose let's go borrow some more. It's like a bunch of drunken sailors. They are going to wake up with one tough hangover, and the hangover, unfortunately, is going to be suffered by all of us because this money is being borrowed in our names. This is being put on our tab.

They say this is the American peoples' money. They need to change that. This is the American peoples' debt that they are running up. And, they are going to run up everybody's debt in order to pay off a handful of the wealthiest people in America. That is just profoundly wrong.