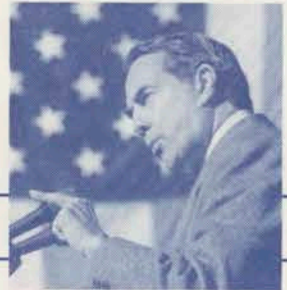


**Bob Dole**



**NEWS**

**U.S. SENATOR FOR KANSAS**

**FROM:**

**SENATE MAJORITY LEADER**

FOR IMMEDIATE RELEASE  
Friday, July 28, 1995

Contact: Clarkson Hine  
(202) 224-5358

## **AMERICAN FAMILY-OWNED BUSINESS ACT**

### **DOLE INTRODUCES BIPARTISAN BILL TO PROVIDE ESTATE TAX RELIEF TO HELP PRESERVE AMERICAN FAMILY BUSINESSES**

I rise today to introduce the American Family-Owned Business Act (S. 1086) -- a bill that will preserve the American family and save jobs across the country.

I am proud that this bill was developed on a bipartisan basis, led on the Democratic side by my colleague from Arkansas, Senator Pryor. We are joined by Senators Roth, Baucus, Pressler, Breaux, Simpson, Bond, D'Amato, Grassley, Nickles, Helms, Warner, Gregg, Bennett, Lugar, Snowe, Abraham, Burns, Lott, Ashcroft, Coats, Inhofe, Hutchison, Stevens, Murkowski, Kassebaum, and Kerrey.

#### **Current Federal Estate Tax Too Burdensome**

The current federal estate tax is just too burdensome on the American family. Time and time again farmers and other business owners across the country have told me that estate tax rates are just too high. They rise quickly from 18 percent to 55 percent, effectively making the government a 50-50 partner in a family business.

Even the most sophisticated estate tax planning and the purchase of life insurance cannot sufficiently mitigate the effects of these high rates, leaving families no recourse but to sell their businesses to pay the estate tax. This bill will stop these forced sales from happening again.

I agree with many who say that estate tax rates should be reduced across the board, or repealed entirely. And I hope that we do that some day. But today we take an important first step with the American Family-Owned Business Act.

This bill cuts estate tax rates in half and also creates a new exclusion that completely eliminates the estate tax for small businesses.

Under the new exclusion, family-owned businesses can exempt up to \$1.5 million of family business assets from their estate. If a family business is valued at more than \$1.5 million, the excess is taxed at one-half of the current rates -- thus providing a maximum tax rate of 27.5 percent.

#### **Protect & Preserve Family Enterprises**

My colleagues and I introduce this bill to protect and preserve family enterprises. We know too well the adverse impact of an estate tax-forced sale. The family loses its livelihood, the family business employees lose their jobs, and the community suffers.

We must do all that we can to help family-owned businesses not only survive, but also prosper. They are the job creators in this country. In the 1980's alone, family businesses accounted for an increase of more than 20 million private sector jobs.

By relieving families from the burden of the estate tax and letting them keep their business, they can continue to prosper. And when families continue to operate their businesses, we all benefit -- the business employees keep their jobs, the government receives income taxes on business profits, and the families retain their livelihood.

#### **Farmers, Ranchers, Family Businesses To Benefit**

The estate tax is not a Democratic or a Republican problem, or one that affects only rural or urban families. There are farmers, ranchers, or other family businesses in each state that would benefit from this legislation. That is why this bill is supported by dozens of groups, each listed at the conclusion of this statement.

Many of my colleagues have introduced bills to provide estate tax relief in various situations. These bills include important ideas, many of which are reflected in the American

(more)

Family-Owned Business Act. As we begin the process of providing estate tax relief, we hope to work closely with the sponsors of these other bills, and to work toward common goals. We encourage those senators who have sponsored their own bills to sign on to this one and work toward a single package of estate tax relief.

**Critical Relief for Family Businesses**

As we intend, the American Family-Owned Business Act provides relief for family businesses across the country -- from the tree farmer in the Northeast or the rancher in the Southwest, to the farmer in the Midwest or the corner grocery store owner in the South.

The bill requires heirs to participate in the family business. These participation rules are deliberately flexible and recognize that different family businesses need differing levels of participation by heirs. For example, the bill recognizes that owners of tree farms may participate at a level lower than that of owners of other businesses, since tree farming often does not require continuous attention as do other farming activities.

This bill provides the critical relief needed for American family businesses. We urge all our colleagues to support this effort.

###