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August 10, 2021

Dear Senator:

On behalf of NFIB, the nation's leading small business advocacy organization, I write in support of Amendment 3106 to S. Con. Res. 14, offered by Senator John Thune. This amendment would protect the ability of family-owned businesses and farms to pass business assets from one generation to the next without incurring a devastating capital gains tax burden. **This amendment will be considered an NFIB Key Vote for the 117th Congress.**

Family-owned businesses and farms have planned for the estate tax, but repealing stepped-up basis presents a second death tax on the next generation – forcing family-owned businesses and farms to obtain loans, sell part of the business, or potentially close the business altogether to satisfy the IRS.

In NFIB's latest tax survey, one-third (33%) of small business owners plan to pass their business to a family member. If capital gains tax were assessed at the time of business inheritance, small business owners were most likely (38%) to believe family members inheriting the business would have to take out a loan to pay the tax, another 26% anticipate that family members would sell part of the business.¹

Clearly, if family-owned businesses and farms are paying capital gains taxes on assets, which constitutes as another death tax, this allows less money to invest in employees and business expansion. The NFIB data align with the findings from an Ernst & Young (EY) study examining the economic effects of repealing stepped-up basis. EY estimates the repeal of stepped-up basis would result in a total of 800,000 jobs lost and \$100 billion decrease in GDP over ten years.²

NFIB supports Amendment 3106 to S. Con. Res. 14 and will consider the legislation an NFIB Key Vote for the 117th Congress.

Sincerely,

A handwritten signature in cursive script that reads "Kevin Kuhlman".

Kevin Kuhlman
Vice President, Federal Government Relations
NFIB

¹ William C. Dunkelberg and Holly Wade, *NFIB 2021 Tax Survey*, NFIB Research Center, August 2021, <https://assets.nfib.com/nfibcom/NFIB-Tax-Survey-Full-Report.pdf>.

² EY, *Repealing step-up of basis on inherited assets: Macroeconomic impacts and effects on illustrative family businesses*, April 2021, https://assets.nfib.com/nfibcom/FBETC_Stepped-Up_Basis_Report_2021.pdf.