



May 17, 2025

Rep. Mike Johnson
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Rep. Steve Scalise
Majority Leader
U.S. House of Representatives
Washington, DC 20515

Rep. Tom Emmer
Majority Whip
U.S. House of Representatives
Washington, DC 20515

Rep. Jason Smith
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Speaker Johnson, Majority Leader Scalise, Majority Whip Emmer, and Chairman Smith:

The members of the Family Business Estate Tax Coalition (FBETC) write to express our gratitude to Chairman Jason Smith and the Members of the House Committee on Ways and Means for their efforts to advance tax provisions that address the needs of family-owned businesses, farms, and ranches. Most importantly, we applaud the inclusion of meaningful estate tax relief in the committee-approved text, and we urge the House Representatives to move swiftly to prioritize measures that strengthen small businesses and promote economic growth.

The estate tax is overly burdensome on families trying to pass their business to the next generation. Historically, the FBETC has supported the full and permanent repeal of the estate tax. Absent full and permanent repeal, the FBETC has supported the temporary increase of estate tax exemption thresholds indexed for inflation, permanent lower tax rates, and provisions for spousal transfer and stepped-up basis. Additionally, the FBETC supported the temporary estate tax relief in the Tax Cuts and Jobs Act (TCJA), which doubled the exemption to approximately \$11 million for tax year 2018 and indexed future increases for inflation through 2025 (currently \$13.99 million in 2025).

With that said, we greatly appreciate the provisions of the tax package that will increase the estate tax exemption level to \$15 million per individual, \$30 million per couple, adjusted for inflation, and made permanent. The higher exemption threshold will alleviate the tax burden that often forces the selling of all or parts of family-owned businesses to pay the tax bill, and increasing the exemption level will ensure continuity of operations and preserve the family-owned businesses that are vital to our communities.

We also greatly appreciate your efforts to preserve the stepped-up basis in the tax package. The stepped-up basis is critically important to family-owned businesses because it can significantly reduce the potential estate tax burden that may arise when the family passes on the property to

the next generation. When a property owner passes away, the basis (or original purchase price) of the property is "stepped up" to the current market value at the time of their death, rather than being based on the original purchase price. This is beneficial because if heirs must sell the property, they only pay capital gains tax on the difference between the sale price and the stepped-up value, not on the difference between the original purchase price and the sale price. The stepped-up basis reduces the combined impact of estate taxes and capital gains taxes on family-owned businesses, allowing them to remain in the family without the need for forced sales to cover tax liabilities.

We greatly appreciate your continued support for America's family-owned businesses, farms, and ranches, and we stand with you in support of these incredibly important generational tax provisions.

Sincerely,

Family Business Estate Tax Coalition