

June 8, 2006

## **MEMORANDUM**

TO: IRS Chapter Presidents & Legislative Coordinators

RE: Senate Rejects Effort to Abolish Federal Estate Tax

**SUMMARY: Today the U. S. Senate rejected an effort to abolish the federal estate tax, but Republican leaders vow to raise the issue again this year.**

Today the United States Senate rejected a Republican led attempt to permanently repeal the Federal Estate Tax, which would likely have meant the termination of hundreds of Estate and Gift Tax employees jobs at the IRS and the diversion of nearly \$1 trillion over ten years from funding vital entitlement programs that help the poorest citizens.

Despite the defeat, Majority Leader Frist held out the prospect of a vote on an alternative proposal that would scale back the tax but not repeal it, altogether, before the November elections.

Supporters of repealing the estate tax fell three votes short of invoking cloture, a procedural vote to end debate and proceed with a vote on repeal of the tax by a vote of 57-41. All Republican members voted in favor of invoking cloture except Senators Lincoln Chafee (RI) and George Voinovich (OH). All Democrats voted no except Max Baucus (MT), Blanche Lincoln (AR), Ben Nelson (NE) and Bill Nelson (FL). Two Democrats did not vote: John Rockefeller (WV) and Chuck Schumer (NY).

As noted above, supporters of repealing the estate tax are now working to reach a compromise that would keep the tax in place, but would raise the exemption amount while also reducing the tax rate. Therefore, it is imperative that our members continue to let their voices be heard on Capitol Hill.

If your senator voted against cloture, thank them for helping to block the vote on repeal and urge them to reject any proposals to substantially reduce the tax on multi-million dollar estates. If your senator voted to cut off debate and proceed to a vote on repeal, contact them as well and urge them to reject this irresponsible reform effort.

Should you have any questions or require additional information, please feel free to contact Matt Socknat in the Legislation Department at 202.572.5500, ext. 7057.

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