

**Citizen Action of New York
Fiscal Policy Institute
Responsible Wealth/United for a Fair Economy**

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Millionaires Urge Legislature to Keep Estate Tax

Albany, New York, March 20, 2006—Forty-six wealthy New Yorkers placed a full-page ad in today's edition of *The Legislative Gazette* calling for New York State to keep its estate tax. In their "open letter" to the members of the State Legislature, the millionaires said that keeping the estate tax is essential to New York having a fair tax system.

Governor Pataki has proposed eliminating New York's estate tax. Eliminating this tax, which only applies to estates worth more than one million dollars, and affects less than 3% of all estates, would cost New York \$2.8 billion over the next five years (2007-08 through 2011-12), and more than \$1 billion per year thereafter.

The open letter was published as the Legislature is deciding whether to accept the Governor's proposal. The State Senate's budget proposal does away with the estate tax, but the State Assembly's budget plan keeps the estate tax.

The open letter states: "We, the undersigned New York State residents who expect to pay the estate tax, are writing to urge you to reject Governor Pataki's proposal to repeal the New York State Estate Tax... We are business owners, investors, and other wealthy individuals who share a common interest in building a healthy economy in which prosperity is broadly shared... While we are among the very small number of New York families that would benefit from repealing the estate tax, we recognize that eliminating the estate tax would either reduce funding for critical state-funded services such as education and health care, or force the state to increase taxes that would hit middle and lower income New Yorkers harder."

"New York's estate tax, which only applies to millionaires, is really a matter of simple fairness," said Harry Phillips, one of the signers of the open letter. "Taxes should be based on the ability to pay, and those of us who have the ability to pay the estate tax don't want to see the New York Legislature eliminate this fairest of taxes." Phillips is Managing Director of Winged Keel Group, a financial security management firm in New York City.

According to letter signer Alan Grad, "Many owners of successful closely held businesses feel that their financial good fortune is due to the timeless strength of the US economy, the political freedom inherent in our form of government, and the quality of the American employee. Giving back to the government and charities upon death is not a burden that can't be planned for, but a fair tax, on having played the game well, and won." Grad is CEO of American Business & Professional Program, Inc., a Manhasset-based firm, and lives in Mamaroneck.

Many observers have seen Governor Pataki's proposal to cut the estate tax as part of his interest in running for President, since eliminating the estate tax has been a top issue for conservative Republicans. "It would be a shame if Pataki's move to the right to court national Republican voters resulted in New York following the national right wing agenda of more tax cuts for the wealthy," said Joanne Black. "What Pataki gains in Republican votes in Iowa will do long-standing damage here in New York." Black is a former Senior Vice President for Marketing for American Express, MasterCard International and Showtime Networks.

The open letter from wealthy New Yorkers was organized by Responsible Wealth (www.responsiblewealth.org), a group that is working to preserve the federal estate tax and includes Bill Gates, Sr. among its supporters. The signers of today's letter are business leaders, investors and philanthropists from across New York.

"New York already has the biggest gap between the rich and poor of any state in the nation," said Steve Abrams, who has been a CPA since 1953, specializing in taxes. "Eliminating New York's estate tax would only increase the huge disparity between New Yorkers of great wealth and the millions of New Yorkers who are struggling to make ends meet. It would be bad for our democracy, our economy, and our society."

Darius Ross of Manhattan has 19 years of experience in real estate sales and development. "As an African American of wealth, I think it is very important to say up front that the inequality of wealth by race is at an all time high. Coming from a family in the South that has owned land for well over 150 years, I was taught that wealth is a privilege, not a right. It's a gift we're granted that we must share. It's time to go from accumulating personal bling bling to enhancing the futures of our less fortunate brothers and sisters. Paying the estate tax helps provide others with the opportunities that we have enjoyed." Ross is the founder and managing partner of D. Alexander Ross Real Estate Capital Interest, LLC.

"Extraordinary wealth has been created in New York State in the last 25 years. By leveling that wealth from generation to generation, the estate tax assures a more equal society, and avoids the creation of a feudal one," said signer Albert Francke, a retired corporate lawyer.

"I think it's fiscally unacceptable to repeal a tax on wealthy individuals like me," said Bridget Cooke, a retired schoolteacher whose grandfather, a real estate developer, pulled out of the stock market just before the 1929 crash. "I'm thankful for the benefits I've received from society and I'm more than happy to pay a tax that will leave behind a better-endowed state. How can they even think of shifting more of the burden from those of us who are most able to pay to others who are not so fortunate." Cooke added that, "As a philanthropist, I know that repeal of the estate tax will also hurt charities. We can't afford that either."

Background Information

on individuals quoted in press release on Estate Tax “open letter”

Stephen R. Abrams has been in practice as a Certified Public Accountant specializing in taxes since 1953. He is a longtime advocate and activist for tax equity.

Joanne Black is a marketing consultant (Joanne Black & Associates, Inc.) and a former Senior Vice President for Marketing for American Express, MasterCard International and Showtime Networks.

Bridget Cooke is a retired schoolteacher of “a certain age,” living in Manhattan, whose grandfather, a real estate developer, pulled out of the stock market just before the 1929 crash.

Albert Francke is a retired corporate lawyer and former chairman of an international law firm in New York City. Since retirement, he has been an independent director of three stock exchange-listed investment companies, a New York insurance company and a money management firm.

Alan Grad is CEO & President of American Business & Professional Program, Inc., a Manhasset-based firm. Alan has an undergraduate degree from the Wharton School and lives in Mamaroneck with his wife, Ellen, and their three children. The firm, established in 1965, serves over 35,000 clients in the areas of estate, pension, charitable and business planning, as well as advanced insurance analysis.

Harry Phillips has been in the insurance and financial services businesses since 1948. He was a co-founder of Management Compensation Group, a national benefits consulting firm and is presently Managing Director of Winged Keel Group, a financial security management firm in New York City.

Darius Ross has 19 years of experience in real estate sales, construction, acquisition and development. He is the founder and managing partner of D. Alexander Ross Real Estate Capital Interest LLC which is a boutique of high net worth investors involved in real estate private equity and commercial acquisitions.

Wealthy New Yorkers say: Keep the NYS Estate Tax

An Open Letter to the Members of the New York State Legislature:

We, the undersigned New York State residents who expect to pay the estate tax, are writing to urge you to reject Governor Pataki's proposal to repeal the New York State Estate Tax.

We are business owners, investors, and other wealthy individuals who share a common interest in building a healthy economy in which prosperity is broadly shared. We believe that government revenues should be sufficient to provide the vital public services on which our economy depends and that those revenues should be raised based on the "ability to pay" principle.

While we are among the very small number of New York families that would benefit from repealing the estate tax, we recognize that eliminating the estate tax would either reduce funding for critical state-funded services such as education and health care, or force the state to increase property and sales taxes that would hit middle and lower income New Yorkers harder.

The New York estate tax, with its current \$1 million exemption level, is based on the "ability to pay." It affects only the heirs of a very small number of millionaires - less than 4,000 each year. But phasing this tax out over the next 5 years would reduce state revenues by an estimated \$2.8 billion over this period and \$1 billion per year thereafter, shifting this tax burden onto lower income New Yorkers.

Governor Pataki argues that repeal of the New York estate tax would keep wealthy individuals

from moving to other states. But several studies find that a state estate tax does not cause wealthy elderly to leave a state. Although one study finds there is a slight relationship between state estate tax rates and the number of wealthy elderly in a state, it shows that the revenue losses involved are small relative to the revenue raised by the estate tax.

A more economically polarized society is not good for any of us. Given our nation's growing wealth divide, which is particularly pronounced in New York State, the principle of taxing multi-million dollar inheritances is also important for our democracy.

We believe that those of us who have been the most fortunate in amassing wealth should return a portion to the betterment of our state and nation, since we have benefited the most from the economic opportunities that New York has to offer.

Every one of us depends on our society for success. We all benefit from our government's investment in public schools and universities, public health, roads and infrastructure, courts, and national defense.

Cutting the estate tax would be bad for our democracy, our economy, and our society.

We urge you, the members of the New York State Legislature, to reject Governor Pataki's proposal to eliminate New York's estate tax.

Signed,

Stephen R. Abrams, CPA, New York • Joshua Arnow, Real Estate Developer, Pound Ridge • Rosalyn Baxandall, SUNY Old Westbury, New York • Joanne Black, Joanne Black & Associates, Inc., New York • Verlaine and Michael Boyd, New York • Elyse Arnow Brill, Business Professional, Pound Ridge • Polly Cleveland, Owner, Danica Realty, New York • Bridget Cooke, Retired, New York • Peter and Phyllis Davies, Business Leaders for Sensible Priorities, Sleepy Hollow • Bruce Detwiler, New York • Rosemary Faulkner, Weill Medical College of Cornell University, New York • Martin Fleisher, Attorney, New York • Albert Francke, Real Estate Investor, Millerton • Greg Garvan, Money with a Mission/FAFN, Inc., Ithaca • Ellen Goldman, Actuary, retired • Alan Grad, American Business, Inc., Manhasset • Agnes Gund, New York • Thomas Haines, Owner, Danica Realty, New York • Joan Hoffman, CUNY, New York • John Keevert, Unitarian Universalist, Brockport • Bette and Stuart Kraut, Schenectady • Robert D. Krinsky, Chairman Emeritus, The Segal Co., New York • Joan Lapham, Greenwich • Stephanie Low, New York • Lloyd & Mary McAulay, New York • Paul Merrill, New York • George Naumburg, Jr., Retired, North Salem • Egon Neuberger, Stony Brook University, East Setauket • Harry Phillips III, Managing Director, Winged Keel Group, Hartsdale • Mark E. Reed, New York • Steven C. Rockefeller, Chair of Rockefeller Fund, New York • Darius Ross, Alexander Ross Real Estate Capital Partners and Resource Generation, New York • Marcia Rothenberg, Syracuse • Martin Rothenberg, Software Entrepreneur, Founder and Former CEO of Syracuse Language Systems, Jamesville • Marjorie M. Smith, Piermont • Marie Stareck, New York • Catherine Steck, New York • Yvonne Tasker-Rothenberg, Jamesville • Jerome Trupin, Trupin Insurance Services, Briarcliff Manor • Ariane van Buren, Director of Investor Engagement, CERES, New York • Sandra Winters, New York • Margaret Yonco-Haines, Philipstown for Democracy, Garrison • Barbara A. Zeluck, New York

(Note: Affiliations are for identification only and do not imply sponsorship by companies or organizations)

To sign the letter, go to: <http://www.faireconomy.org/activist/TaxResponse.html>

