

Massachusetts Estate Tax

Paul D. Craney
Executive Director
Massachusetts Fiscal Alliance
15 Lincoln St #217, Wakefield, MA 01880

Joint Committee on Revenue
September 10, 2013

Please accept this written testimony on behalf of Paul D. Craney of Massachusetts Fiscal Alliance. Massachusetts Fiscal Alliance is a right of center economic, fiscal and good government non-profit organization that advocates for fiscal responsibility in state government. Our office is located at 101 Tremont St in Boston and our website is www.MassFiscal.org.

Massachusetts Fiscal Alliance firmly believes the estate tax, both federally and locally, should be abolished. If not abolished, then Massachusetts should take steps to level the estate tax to the Federal levels. We have come to this conclusion both through examining the facts and by a matter of fairness. We have spoken to many families that experience hardship as a result of this unjust and the burdensome tax. Thank you for allowing the public to have an opportunity to submit testimony on this important tax policy.

Estates must file a Massachusetts estate tax return if the estate's gross value is more than \$1 million. By contrast, in 2013 a [federal estate tax](#) return is required only for much larger estates, those worth more than \$5.25 million.

States that currently impose an estate tax are: Connecticut, Delaware, District of Columbia, Hawaii, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New York, Ohio, Oregon, Rhode Island, Vermont, and Washington. Of these listed, there are only two states with a lower taxable threshold than Massachusetts.ⁱ The estate tax is also commonly referred to as the death or inheritance tax.

Earlier this year, Massachusetts infamously made Forbes list of "Where Not to Die in 2013" with its current estate tax set well below the federal threshold.ⁱⁱ This tax, as it applies to both liquid and non-liquid assets can be burdensome on small family-run businesses with a majority of their assets tied up in the family business. Because of this effect, the death tax can arguably slow economic growth, export jobs, and suppresses wages because it is a tax on capital and on entrepreneurship.ⁱⁱⁱ

From our understanding, the estate tax does not make up a significant contribution to the general fund. By repealing or matching with the federal level, revenues would be collected by the state due to saved income, property and sales taxes collected. Essentially, by imposing such a destructive tax on families and small businesses, Massachusetts is passing a dollar to pick up a dime. Other states that do not have an estate tax, such as the Sunshine state (Florida) means

business. They are actively recruiting families and businesses to move down south in order to enjoy a more warmer business climate that doesn't include an estate tax.

We strongly urge the Joint Committee on Revenue to take meaningful steps to eliminate or at the very least match the federal levels for the estate tax. As always, please do not hesitate to contact me with any follow up questions at paul@massfiscal.org, thank you again for the opportunity.

ⁱ <http://www.retirementliving.com/taxes-by-state>

ⁱⁱ <http://www.forbes.com/sites/ashleaebeling/2013/01/28/where-not-to-die-in-2013/>

ⁱⁱⁱ http://www.nber.org/papers/w7980.pdf?new_window=1