November 27, 2012

The Honorable John Carter
United States House of Representatives
Washington, DC 20515

Dear Representative Carter:

On behalf of the National Electrical Contractors Association (NECA), I am writing to urge you to support tax reform legislation that affirmatively includes a full and total repeal of the estate tax.

NECA is the nationally recognized voice of the electrical construction industry, providing over a century of service to the $130 billion industry that brings power, light, and communication technology to buildings and communities across the United States. NECA’s national and 119 local chapters advance the industry through advocacy, education, research, and standards development.

Not addressing the estate tax before current tax law expires on December 31, 2012 would allow the law to revert to pre-2001 tax cut levels, meaning all estates would be taxed at a rate of 55 percent with a $1 million exemption.

Electrical construction contractors are primarily family-owned businesses and are particularly hard hit by the death tax burden. The Estate Tax is essentially a penalty that families must pay to the government for the “privilege” of keeping their business in their family. The pre-2001 Federal estate tax rate was such a burden that families often had to sell their small construction companies in order to pay the death tax. In turn, this creates disruption for company employees, customers and suppliers. Failing to address this issue as part of comprehensive tax reform could put many family businesses at risk, forcing them to sell their small firms in order to pay the estate tax.

Instead of focusing time and money on growing their businesses and creating jobs, electrical contractors are now forced to operate under the assumption that the costly
The estate tax will be fully reinstated in 2013. Studies indicate that the average family business spends nearly $20,000 in legal fees, $12,000 for accounting, and an additional $11,200 for other advisors preparing for death taxes.

Repeal of the burdensome estate tax serves as NECA’s number one legislative priority. NECA believes Congress should support family-owned businesses instead of penalize them. We urge you to repeal the estate tax to allow family-owned businesses to focus on growth and business planning that would advance our economy, create new jobs, and strengthen businesses to succeed for generations.

Sincerely,

Marco A. Giamberardino, MPA
Executive Director, Government Affairs