



December 1, 2009

The Honorable Earl Pomeroy
U.S. House of Representatives
Washington, DC 20515

Dear Representative Pomeroy:

On behalf of the International Franchise Association (IFA), I want to thank you for introducing H.R. 4154, the Estate Tax Relief for Families, Farmers, and Small Businesses Act. This legislation is a good first step toward permanent repeal of the unfair estate tax burden on small businesses.

As the largest and oldest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 85 industries, including more than 11,000 franchisee, 1,200 franchisor and 600 supplier members nationwide. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output.

As you know, the estate tax has been phased down and will disappear completely in 2010. If this tax relief is allowed to sunset, the tax will return in full force in 2011 and threaten family-owned small businesses with up to a 55% tax on the accumulated estate. While we support your efforts to implement some level of permanent relief from the estate tax, we feel that the bipartisan approach championed by Sens. Lincoln and Kyl better relieves small businesses from the burden of this unfair tax.

Full repeal of the estate tax is especially important to small businesses because in many cases, upon the death of the owner, the beneficiaries are forced to sell the business in order to pay the tax. Moreover, the uncertainty surrounding these tax rates impacts the day-to-day operations of many family-owned businesses because the threat of taxation requires business owners to continue with estate-planning strategies that are costly, cumbersome and time consuming.

The estate tax has long cost our economy more than the revenue it generates for the federal government. According to the Joint Economic Committee (JEC), the estate tax has brought in only \$761 billion in revenue since 1942, while reducing the stock of capital in the economy by \$847 billion. The JEC study finds no compelling reason to keep the tax and a number of compelling reasons to reduce or abolish it. The IFA has advocated for a permanent solution to the estate tax and we again urge passage of your well-intentioned bill so that the debate can continue with repeal advocates in the Senate.

Thank you for your continued leadership on behalf of our nation's small businesses.

Sincerely,

A handwritten signature in black ink that reads "David French".

David French
Vice President, Government Relations

cc: Senator Blanche Lincoln
Senator Jon Kyl