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Proposed Tax Deal Could Benefit Ranchers and Farmers

A deal being hammered between the White House and Republican legislators could keep estate taxes from skyrocketing in 2011. Property and business owners had been dreading the estate tax reinstatement in 2011, which originally was to have reinstated a 55 percent levy on estates above the million dollar threshold. According to the latest proposals on the negotiated tax package, the tax threshold for estates will be raised to five million dollars, and the corresponding tax rate lowered to 35 percent for two years.

"Although this is not the desired repeal of the estate tax, this higher tax threshold and lower tax rate could protect the legacy of more family businesses, farms and ranches," said Bill Hyman, executive director of the Independent Cattlemen's Association of Texas (ICA). "The value of land, outbuildings, equipment and livestock has escalated, and many small family farms or ranches are now worth \$1 million or more. These operations, however, are not 'cash cows.' When families must pay inheritance taxes, it forces them to parcel and sell off property, or liquidate an entire operation, destroying a way of life."

"The one-year reprieve from estate taxes (2010) came at the right time, but there has been great concern about the tax reinstatement in 2011. The proposed tax deal would raise the 'starting line' for estate taxes to \$5 million and keep the tax rate at a more sensible 35 percent for two years. The result: it could keep more business operations in the family," said Hyman.

He said other aspects of the proposed tax deal include:

- Extending jobless benefits for another 13 months for the long-term unemployed
- Dropping the employees' Social Security deduction from 6.2 percent to 4.2 percent for one year to help stimulate spending
- Extending the Bush-era income tax cuts for two more years.

"We will be closely watching as the proposed tax package makes its way through the legislative process, as support of the entire Congress is needed to make this deal a reality," said Hyman. "Our holiday wish is that this deal is ironed out before the 'lame duck' session expires January 1, 2011."

The ICA represents more than 8,000 cow-calf ranchers and agricultural business leaders on economic, rural lifestyle and legislative issues. New members are welcomed. For more information, see the ICA website at <http://icatexas.com> or call the association headquarters in Lockhart at 512-620-0162.