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# American estate-tax crusader sees a good fight ahead

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- \* Former businessman chalks up victories in U.S. states
- \* Argues estate taxes a turnoff for wealthy retirees
- \* Joins forces with anti-tax activist Grover Norquist
- \* Says momentum building in U.S. Congress

By [Nanette Byrnes](#)

CHAPEL HILL, N.C., Aug 8 (Reuters) - It has been a good year for Dick Patten, the leading opponent of estate taxes in the United States. A bill to end federal estate tax is taking shape on Capitol Hill. Victories in the states are adding momentum to the fight he leads through his Washington-based lobbying group, the American Family Business Institute.

Buoyed by an anti-tax mood that helped turn governors' mansions and statehouses Republican in 2010 and that fueled the debt-ceiling debate in Congress, states are taking action despite weak economies that would seem to make revenue sources sacrosanct. Ohio axed its estate tax. Maine doubled the size that an estate must be before it can be taxed. Oregon and North Carolina fought off plans to increase estate taxes.

Questions about whether the estate tax was driving well-to-do Ohioans out of state were a big part of debate over the issue there this year. Towns and villages objected strenuously to the repeal. Under Ohio law, the towns and villages got 80 percent of the tax, or \$269 million last year. The mayor of Columbus, Mike Coleman, called the repeal effort "immoral." Newspapers called for a gradual repeal.

Patten flew in twice to testify, and along with leading national anti-tax crusader Grover Norquist, pushed Ohio Governor John Kasich to end the tax. "Voters in Ohio gave complete control of the Ohio legislature and the governor's office to the Republicans to make hard choices and serious reforms.... The conditions for repeal will never be as favorable as now," the pair wrote to Kasich in April.

## THE "NORQUIST OF ESTATE TAX"

In 2004, Patten effectively became the Grover Norquist of estate tax. He borrowed an idea from Norquist's No-Tax-Increase Pledge and began pushing candidates for Senate to promise they would vote to repeal the estate tax if elected. He poured money and time into critical battles like that of signer John Thune's successful run against South Dakota veteran Tom Daschle. Of 11 Senate candidates who signed, 7 were elected.

In 2010, he included races for the U.S. House of Representatives. Of the 502 Senate and House candidates who signed his pledge, 131 are now in Washington. That's a base he is counting on to help permanently end the federal tax before the next election.

A former Seattle businessman, Patten, aged 58, traces his interest in the issue to the day 38 years ago when he watched his father write a large tax check on his grandmother's estate. "I was deeply incensed," he remembers. "I saw it as a confiscation of a life of frugality."

Seven years later, in 1981, Patten ran his first successful anti-estate tax campaign, a Washington State initiative that ended his home state's estate tax. In 1997 he began working on the issue nationally.

The American Family Business Institute draws its support from farmers and family business owners who are among the most vocal opponents of the estate tax since the assets of their businesses are generally passed to the next generation through taxable estates.

A single-issue lobbyist, the institute won't disclose its budget or how many members it has, but Federal Election Commission records show its spending to be modest by Washington standards -- \$2.4 million since 2005.

According to data compiled by the National Conference of State Legislatures, in 2010 states collected just under \$4 billion in estate and inheritance taxes. An estate tax is paid out of the estate itself; an inheritance tax is paid by the person who was bequeathed money by an estate.

## BREAKS FOR BOOMERS

When testifying before state legislatures, Patten cites studies done by the Connecticut Department of Revenue and a think tank in Rhode Island to argue that states like Florida, which has no estate tax, are attractive to retirees not only because of warm weather, but also for their tax breaks.

"There's a huge amount of baby boomers who will be retiring in the coming years," says Chris Edwards, Director of Tax Policy for the conservative Cato Institute. "States shoot themselves in the foot if they scare away their higher income retirees. With the Internet and cheap air fare, they're more mobile than ever."

Other opponents argue the estate tax damages local businesses and farms which suffer along with their owners, and removes

people from the community who otherwise would be paying real estate and sales taxes and supporting other local businesses.

The Ohio campaign won full repeal, but there have been failures too. In Indiana, a push earlier this year to drop the tax never got out of legislative committee. Republican leadership couldn't see eliminating the tax without some other revenue to replace it. In New Jersey, where Governor Chris Christie has been a vocal opponent of the tax, his proposal to raise the size of the estates subject to it withered as well.

Still Patten thinks the issue will be back when state legislatures reconvene next year -- and the issue is still alive in Congress.

A bill in the 435-member U.S. House to end the tax (link: [here](#)) now has 168 co-sponsors, including 17 members of the tax-writing Ways and Means Committee to which the bill has been referred.

In the Senate, Thune is one possible sponsor of future legislation mirroring the House bill, and there may be a Democratic co-sponsor. "We're very, very, very busy with that," Patten says. "The momentum is building." (Reporting and Writing by Nanette Byrnes in Chapel Hill, North Carolina; Editing by [Howard Goller](#))

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