

Walt Muralt

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Statement for the Record
U.S. Senate Finance Committee
Federal Estate Tax: Uncertainty in Planning Under the Current Law
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Chairman Baucus, Ranking Member Grassley, and Members of the Senate Finance Committee: It is an honor to present testimony on the Federal Estate Tax, better known as the "death tax." I want to tell you about the estimated \$600 thousand (non-tax deductible) that my family and I have spent to prepare for the death tax – money that we may very well have spent in vain.

My mom and dad started Muralt's Travel Plaza when it was just a bankrupt, four-lane truck stop. On a shoe string budget, my father and mother turned a dying business into a booming (successful) operation. Over the course of the last thirty years, they expanded the truck stop, added a restaurant, hotel and even a casino. We now employ over 90 people and offer generous compensation. Most employees have healthcare, the option of a 401k, and participation in our profit-sharing program. We also are very active participants in our community through a foundation we started. This foundation makes annual contributions to a nearby foster home and the local chapter of the National At-Risk Kids program, Flagship Missoula.

I care about this company, the jobs it provides, and the difference we make in the community, and for that reason I am doing everything possible to prepare for the death tax. I have taken out life-insurance which has cost us \$600 thousand over the course of the last eight years. I have also spent hundreds and hundreds of business hours with our in-house CPA, attorney and other experts and advisers to find legal ways to shield our company from this "extra" tax. I'd like to think that with all this effort, my business will be safe when my parent's die. Unfortunately, it seems that this is a unrealistically optimistic scenario.

My parents divorced several years ago and each took part of the business's assets. They both want to ensure that the business continues on after they have died. My father and I have been able to configure his assets in such a way as to likely guarantee sustainability when he dies. My mother, on the other hand, has not been able to make significant preparation for the death tax. She owns the land surrounding and under the buildings which the business rests upon. Obviously, the business cannot operate without this land. However, her estate is in excess of the death tax exemption amount, and therefore will certainly be a liability. Paying her portion of the death tax will require selling the very land which the business rests upon. This means that all my effort to prepare my father's estate will have been in vain, unless my mother achieves immortality or Congress finally repeals this "extra" tax that penalizes families who have worked hard to create successful organizations.

I consider it a travesty that I should have to spend a single dime in preparation for either of my parents' death – much less that our considerable time and effort should be in vain. Though some members of Congress ignore this fact, the death tax is effectively forcing me to play an expensive shell game with lawyers and insurance companies - simply for the privilege of maintaining our businesses. In a nation which prides itself on individual accomplishment, entrepreneurial spirit and private ownership rights, this is a disgrace. Tax policy should provide revenue to government in the least disruptive manner possible – not through the upending of family-owned businesses like Muralt's Travel Plaza.

My story is not unique. Throughout Montana, a state in which most businesses are family-owned, the death tax is methodically forcing the sale of family-owned businesses with each generation's death. These businesses are almost always sold to larger, national corporations, who do not maintain a corporate office in the Big Sky state. This results in

a net drain on capital – and thereby state and local tax revenue – throughout the state. Most importantly, it discourages entrepreneurialism by ripping capital away from those who have diligently accumulated it through their small business.

Senators, I ask that you immediately introduce legislation to end the scourge of the death tax. Businesses in Montana and throughout the nation are depending on you. I thank you for your open ear and attitude. The original purpose of the death tax expired a long time ago, and now, so should this unfair tax.