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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 Committee, I am pleased to present testimony to you concerning the matter of the federal estate tax, also known as the “death tax.” I am the founder and CEO of Miles Fiberglass and Composites, Incorporated, a family owned and operated business based in Portland, Oregon. I want to tell you about the work of my company and the contributions it has made to the community. This is one of the many family-owned businesses in America that faces considerable loss, if not financial ruin, due to the federal death tax.

I started Miles Fiberglass and Composites over forty years ago to build products for air-conditioning units and canoes. Today we have expanded and now we handle a diverse production line for such equipment as recreational-vehicles, light and heavy-rail commuter trains, large commercial planters, reinforced replacement panels for military vehicles, and even custom product designs. We do all this through proven high-quality standards, an innovative approach to the industry, our in-house research and development team, and of course, our 100 hard-working and highly-skilled employees, many of whom have served us for 20-25 years.

Besides being a source of economic growth and employment in the state of Oregon, Miles Fiberglass and Composites has always been committed to contributing to our community. I personally have served on multiple charitable organizations including the Clackamas Community College Foundation, Clackamas County Historical Society, and the Portland Public Schools Education Committee. Several years ago my wife and I received national recognition for our charitable work with the local community colleges. Like most family-owned businesses, Miles Fiberglass and Composites has great appreciation for the community and a direct interest in making it stronger.

Unfortunately, the death tax presents a very real obstacle to our long-term involvement in the Portland community. The death tax assesses my penalty based on the size of my assets. Many in Congress assume that the death tax only penalizes the “super-rich” who have plentiful liquid assets. This simply is not the truth. I will be assessed a death tax, and it will not be easy to pay. My “estate” is primarily wrapped up in the business and the hard, illiquid assets that the business owns. Obviously, selling these assets is not an option. That means that in order to pay the death tax, I am forced to make use of complicated and onerous accounting measures, including taking out an unnecessarily large life-insurance policy, and bequeathing considerable stock to my children. Measures such as these waste the productive time and capital of small business-owners such as myself. I would much rather focus my available resources on building the business and making it stronger, rather than preparing for the inevitable federal receipt that my children will face when I die.

Congress needs to act quickly to permanently repeal the death tax. I have every intention of living a long life and I do not want my death to be a burden to my children and family. They are eager to take on new challenges and do even greater things with the business. It is my dream that the company would continue to be an innovative leader in the plastics industry and an important part of the community 100 years in the future. If the death tax is permanently repealed, I have every confidence that this will be the case. I respectfully hope that the Committee will see the wisdom in endorsing legislation to permanently repeal the federal estate tax.