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### ***Estate Taxes Poll Shows 85 Percent of Voters Favor Eliminating, Reducing Estate Tax***

Registered voters surveyed in six states overwhelmingly support the elimination or a significant rate reduction of the federal estate tax, a public opinion poll released March 2 revealed.

A total of 35 percent of those polled favor complete elimination of the tax, 50 percent said its rate should be reduced, and 13 percent said the tax should remain the same, the poll concluded.

Frank Luntz and Jeffrey Pollock, who managed the polling project, said during a March 2 conference call the survey showed overwhelming bipartisan support for tax simplification.

"Even in times of economic distress and budget deficits, [the estate tax] is simply one of the most hated forms of federal taxation. No matter what you call the tax--death, estate, or inheritance--people hate it when they first hear about it, and they hate it when they learn more about it," the survey said.

Pollsters contacted 1,900 registered voters Jan. 3-7 in Arkansas, Colorado, Indiana, Maine, North Dakota, and South Dakota; the poll has a margin of error of plus or minus 2 percent.

#### **Implications on Tax, Social Security Reform**

A chief reason that cutting taxes on property taxed at death received such broad support is that the change is simple for voters to understand, Pollock said. The relative complexity of President Bush's current Social Security reform plan may be a reason for at least initial reluctance by a broad voter constituency to embrace the plan, Pollock said.

Luntz said politicians, particularly those in Plains states, should be weary of opposing estate tax reform. In his successful campaign to oust former Sen. Tom Daschle (D-S.D.), current Sen. John Thune (R-S.D.) effectively utilized voter sentiment opposing the tax, Luntz said.

Pollock agreed, saying that, if pressed, Democrats should conclude a compromise with Republicans to reform the tax and thus "take it off the table" of potential future campaign issues.

A total of 89 percent of respondents voting for President Bush in the 2004 presidential election said the tax is somewhat or very unfair, while 71 percent of respondents voting for Democratic nominee John Kerry said the tax was somewhat or very unfair. "When it comes to the Death Tax, there is universal affirmation that the tax is simply unfair," the poll stated.

#### **Tax Label Affects Opinion, Income Does Not**

Voters polled favor estate tax reform even when told its revenue is necessary to combat growing federal deficits. Respondents by about a 3-to-1 ratio said that if, due to government deficits, the tax could not be completely eliminated, a fair taxation rate would be about 15 percent, or the current tax rate on certain capital gains.

Respondents' income did not significantly influence their opinion on the tax. While 61 percent of respondents with incomes of less than \$30,000 said the tax was completely unfair, 60 percent of respondents with incomes of more than \$60,000 held the same opinion, the poll showed.

Currently, estates totaling \$1.5 million or more are taxed up to 47 percent. The estate tax exemption is scheduled to increase to cover estates valued at \$2 million or more in 2006 and to estates valued at \$3.5 million in 2009; the top tax rate will decrease to 45 percent during that period.

Pollock said an unreleased poll finding revealed more than 70 percent of respondents said they planned to accumulate an estate sizeable enough to be subject to the tax if the tax is retained, even though only a fraction of estates currently pay the tax. IRS data showed 2.3 percent of estates were large enough to be subject to the tax in 1999, the last year such information is available.

Voters believing someday they will be wealthy enough to be subject to the tax is a "core component of the American Dream," Luntz said.

#### **Labels Affect Opinion**

The survey reported that differing descriptions of the tax moved public opinion. While 58 percent of voters said the "death" tax was completely unfair, 48 percent said the "inheritance or estate" tax was completely unfair. Perhaps not surprisingly, voters also were more "hostile" to the tax when the term "death tax" was used compared with "inheritance tax" or "estate tax."

The poll also tested voter attitudes about wealthy individuals' ability to manipulate tax laws in their favor. When asked, 58 percent of voters agreed that estate taxes "make up for some of the money that is lost" due to tax strategies adopted by "the wealthiest families."

Luntz is a principle at the Virginia-based Luntz Research Companies, which specializes in preparing public opinion surveys and focus groups for corporate, public affairs, and political candidate clients, including many Republican candidates. Pollock is the president of Global Strategy Group, a New York-based research firm whose clients include corporations and political candidates, many of whom are Democrats.

The survey, **Americans Talk Tax**, is available at <<http://www.policyandtaxationgroup.com/>>.