

November 4, 2009

Washington, D.C. – Keeping his commitment to commonsense tax solutions, Congressman Jerry McNerney (CA-11) introduced legislation today that will cut estate taxes for family farms and small businesses by more than \$233 billion.

“I’ve met with farmers, ranchers, growers, and small business owners from all across our area who are concerned about burdening their loved ones with a devastating tax when they pass their businesses and farms on to the next generation,” Rep. McNerney said. “There is no reason we should make it difficult for a farmer or small business owner who has worked hard their entire life to pass on that operation to his or her children.”

“We must pursue responsible measures like this legislation that will lift the burden of the estate tax,” said Rep. McNerney. “Our local economy will be stronger when farms and small businesses are open, operating and creating jobs.”

Charles Crohare, an olive grower from Livermore and David Phippen, an almond grower and processor from the Manteca-Ripon area, joined the Congressman in applauding the introduction of the legislation. Both know personally the impact of the estate tax.

Charles, along with his parents, operates Olivina, a farm that was first purchased by his grandfather in the late 1930s. Based in Livermore, the farm covers approximately 200 acres and includes thousands of olive trees. Charles and his parents want to keep the farm in the family, but they estimate that they may have to sell a portion of the land in order to meet the burden of the estate tax. In order to mitigate some of the effects of the estate tax, Charles and his parents have sought and achieved several conservation agreements that will preserve some of the land as open space should they be forced to sell. Despite this achievement, the estate tax is still a serious threat to Charles, his family, and the future of their farm.

“I’m grateful for the steps Congressman McNerney is taking to cut taxes for farmers,” Crohare said. “The estate tax places an undue burden on farmers and small business owners like myself and threatens my family’s ability to continue our tradition of farming. The changes the Congressman’s legislation makes will go a long way to relieving this burden.”

David Phippen is co-owner of Travaille and Phippen, a family owned business in the Manteca-Ripon area that grows, packs and ships almonds. His grandfather started working in the same field in the 1930’s and David is now the 3rd generation to follow in those footsteps. David is very concerned about the effect the estate tax will have on the family’s business, which he hopes to pass on to the next generation. He and the other co-owners have taken out life insurance policies to try and mitigate the burden of the estate tax, but this has also placed a

strain on their finances.

“I’m thrilled that Congressman McNerney is leading the way with legislation that will lift the burden of the estate tax off the backs of family farmers,” said Phippen. “Agriculture is a major economic engine and supplier of jobs in San Joaquin County. The entire area suffers when a farmer is forced to sell land and layoff employees because of the estate tax. Congressman McNerney’s bill will help keep the tradition of agriculture alive and well in San Joaquin County.”

Unless Congressman McNerney’s legislation is implemented, in 2011 family farms and small businesses worth over \$1 million will be taxed at 55%. For example, a family farm worth \$3.4 million would owe \$1,320,000 in taxes, a devastating financial burden. With his changes, this family farm could be passed to the next generation without penalty.

Congressman McNerney’s bill cuts taxes for family farms and small businesses by more than \$233 billion by doing the following:

- Eliminating the estate tax on farmland that remains in operation and is passed down from one generation to another.
- Eliminating the estate tax for small businesses worth up to \$8 million.
- Cutting the overall estate tax by 10% and reducing the number of affected families.

These changes will alleviate the financial burden on farmers and small business owners that might otherwise be forced to sell their property.