



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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June 21, 2006

U.S. House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of 1.2 million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR) I urge you to vote in favor of H.R. 5638, the Permanent Estate Tax Relief Act (PETRA). This legislation is a workable compromise that will provide much needed certainty for families and business owners as they plan for the smooth distribution of family assets to their heirs.

In 1999 and 2001, NAR supported efforts to repeal the estate tax. In 2001, however, we expressed grave concerns about the carryover basis feature of the 2001 changes. Carryover basis imposes substantial complexity both on heirs and the IRS. Attempts between 1976 and 1980 to implement a carryover basis regime failed because the provision could not be effectively administered. PETRA retains the stepped-up basis regime that has been in place for most of the history of the estate tax. That feature alone is a sound reason to support PETRA.

NAR's policy objectives for estate tax revision included a goal of assuring that the revised estate tax rates not exceed the 35% maximum individual rate in effect in 2006. PETRA would impose a maximum 40% estate tax rate after 2010. This rate, while higher than 35%, will nonetheless roughly correspond with the 39.6% maximum individual tax rate that will be in effect in 2011. We note that the expiration of the Bush tax cuts on December 31, 2010 will inevitably generate significant debate about the tax base and tax rates. NAR intends to be a lively participant in that debate.

We believe that PETRA should be enacted. We urge your support.

Sincerely,

Thomas M. Stevens, CRB, CRS, GRI
2006 President, National Association of REALTORS®