
OCT. 2000 ELECTION
POLITICAL ANALYSIS

CLINTON-GORE PUSHED TO RAISE DEATH TAXES

The **Clinton-Gore administration** had proposed to lower the death tax deduction by one-third, in effect **raising the death taxes by 300%**. It was **Hillary Clinton**, who was **pushing the death tax increase** to finance the proposed national health care plan.

This was prevented by the Republicans taking over Congress in 1994.

LAST TIME THE REPUBLICAN SENATE ALSO VOTED AGAINST RELIEF

In Clinton's first term, there was a real chance of getting rid of the death tax. **In 1994**, the Republicans took over the House of Representatives and voted to eliminate the death tax. But the **Republican controlled Senate voted to retain the death tax**.

DEMOCRATS DON'T WANT RELIEF EITHER

The only reason some Democrats voted for death tax relief this year was because **Clinton promised to veto it**.

ELECTION OUTLOOK

Therefore, if **Gore is elected** President, a **national health care plan** is likely. **Expect death tax increases**. Even if **Bush** wins the election, major **reform is unlikely**.

Right now there is a good chance the **Republicans will lose control of Congress**. The Republicans need to win **both** houses of Congress by **decisive margins** to have any hope of death tax relief. The last time that happened was in **1928**.

If Hillary wins the Senate seat from New York, then she will also be **pushing** national health insurance and the **death tax increases again**.

SURPLUS IS FUNDED BY DEATH TAX

Neither party really wants the death tax to be eliminated. A large part of the budget surplus is going to come from the death tax. Eliminating the death tax is a **good political ploy** but not one that any of them really wants to happen, because then they would really **have to stop spending**.

MARCH 2001 UPDATE
POLITICAL ANALYSIS

DEMOCRATIC LEADERSHIP COMES OUT AGAINST DEATH TAX REPEAL

The **Democratic Congressional Leadership** has recently gone on official record to strongly oppose and **defeat any Death Tax repeal**. The Senate Democratic Leadership says they will be able to hold all 50 Senators to vote against death tax repeal. The "Blue Dog" (**conservative Democratic Senators**) have said that they will vote **against death tax repeal**. It appears there is **little hope** that the Bush will get any help from any Democratic Senators this year for the Death Tax repeal proposal.

REPUBLICAN SENATORS BOLT BUSH DEATH TAX REPEAL

Since the **Senate is divided 50/50** this would not pose a problem if the Republicans can keep all their votes in the Senate and have Vice President Cheney break the tie. However, recently **2-3 Republican Senators** have already publicly announced that they **will not vote for Death Tax repeal either**. This is what happened a decade ago when the Republican Senate with a clear majority in the Senate couldn't pass the Death Tax repeal because several Republican Senators voted to keep the Death Tax (See Oct. 2000 Political Analysis above). So appears the **Republicans are not serious** about repealing the death tax.

SENATOR STROM THURMOND EXPECTED TO RESIGN FOR HEALTH REASONS

This week **Strom Thurmond** announced that he will probably resign in the next few months. His replacement will be appointed by the Democratic governor of South Carolina, who will almost **assuredly appoint a Democratic Senator**. That will put the Democrats in control of the Senate with a clear majority and a right to appoint all committee chairman and a majority to all committees. **This dooms Death Tax repeal for the next 2 years**.

ON A POSITIVE NOTE

If President Bush remains strong in the polls, the Democrats may agree to a **slight increase in the Death Tax deductions**, to ward off further pushes by Bush for an outright repeal.

RECOMMENDATION

If any **Death Tax relief** is passed it may be **short lived**. Get your Advanced Estate Planning done and in place before they have a chance to increase the Death Tax again. Most Advanced Planning options will allow you to **keep your death tax relief** if they later increase the tax again. There may only be **short window of opportunity** to take advantage of any Death Tax relief that is passed this year. Luckily, most Advanced Estate Planning options will allow you to **lock in the higher deductions** in case they later lower them again.