



west virginia  
Center on  
Budget & Policy

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# News Release

***For Immediate Release***

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West Virginia is missing an opportunity to invest in its people and make its tax system more fair for a majority of families. Because West Virginia is linked to the federal reduction of the estate tax, state lawmakers are allowing a tax cut that benefits only those families wealthy enough to pass on large fortunes to their children.

A new report issued by the Washington DC-based Citizens for Tax Justice (CTJ) shows the estate tax affects little more than one-half of one percent of all Americans. In West Virginia, that figure is four-tenths of one percent. In 2007, 20,676 West Virginians died and only 76 had taxable estates.

President-elect Barack Obama proposes to change the law enacted by President George W. Bush in 2001 that gradually repeals the estate tax. Obama's proposal would prevent the estate tax from disappearing but would adjust the tax to maintain the tax at its 2009 levels.

Low- and moderate-income families in West Virginia pay a higher portion of their income in state and local taxes than do high-income taxpayers. When federal deductions are taken into account, the highest-income families pay less than 7 percent in state and local taxes, while most families pay over 9 percent.

"West Virginia lawmakers could follow the lead of 23 other states by enacting a state estate tax that isn't linked to the federal estate tax," said Ted Boettner, executive director of the WV Center on Budget and Policy. "The state could use the estate tax to enact a state Earned Income Tax Credit that would not only make our state tax system less regressive but help low-income working families that are struggling to make ends meet."

Before President Bush's 2001 law went into effect, West Virginia had a state estate tax that collected \$21 million in 2000. But the state estate tax was linked to a credit in the federal estate tax, and when that credit was repealed in 2001, that caused the state estate tax to automatically disappear.

The federal estate tax was enacted in 1916 to prevent an unhealthy concentration of economic and political power in the hands of a super-wealthy elite, noted CTJ Director Robert S. McIntyre. "Repealing this tax—would remove this important backstop and open the floodgates to a new wave of wealth inequality."

*The report is available in its entirety at: <http://www.ctj.org/pdf/estatetax20081203.pdf>*

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