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FACT SHEET

Estimated Tax Savings of Bush Cabinet if the Repeal of the Estate Tax Is Made Permanent

President Bush's 2001 tax cut bill (P.L. 107-16) instituted a structured phase-out of the estate tax, reducing it gradually until 2010, when the tax is completely repealed. There is, however, a sunset provision in the tax cut bill, which would cause the estate tax to be reinstated and reset at its 2001 levels on January 1, 2011. H.R. 8, which passed the House on April 13, 2005, would make repeal of the estate tax permanent by eliminating the sunset provision.¹ According to the Urban Institute-Brookings Institution Tax Policy Center, permanent repeal of the estate tax would cost the government \$270 billion over the next 10 years.²

The estate tax, the most progressive American tax, is paid only by the very wealthy. The top 5% of taxpayers pay almost 99% of estate taxes, and the top tenth of 1% of taxpayers pay more than 33%.³ The vast majority of Americans are already exempt from the estate tax. As a result, they will receive no benefit at all from making the repeal permanent.

Those with much to gain from the repeal include the President and his Cabinet. Based on estimates of the net worth of President Bush, Vice President Cheney, and each of the Cabinet members, the President, Vice President, and the Cabinet are estimated to receive a total tax benefit of between \$91 million and \$344 million if the estate tax repeal is made permanent. The President himself is estimated to save between \$787,000 and \$6.2 million, while Vice President Cheney is estimated to save between \$12.6 million and \$60.7 million.

Methodology

The estimates of tax savings in this analysis are based on publicly available information about the personal holdings of President Bush and his Cabinet. These estimates were generated using public financial disclosure reports filed with the Office of Government Ethics. For Attorney General Gonzalez, Administrator Johnson, and Secretaries Bodman, Chertoff, Gutierrez, Jackson, Johanns, Leavitt, Nicholson, and Spellings, the estimates were generated using public financial disclosure reports filed upon their appointment to the Cabinet.⁴ For the President, Vice President Cheney, and Secretaries

¹ Congressional Research Service, *Estate Tax Legislation in the 109th Congress* (Mar. 15, 2005) (Order Code RL32818).

² Leonard E. Burman et al., *Options to Reform the Estate Tax*, Urban-Brookings Tax Policy Center (Mar. 2005).

³ *Id.*

⁴ These dates were November 2004 for Attorney General Gonzalez, March 2005 for Administrator Johnson, January 2005 for Secretaries Bodman and Chertoff, December 2004 for Secretary Gutierrez, January 2004 for Secretary Jackson, December 2004 for Secretary Johanns, January 2005 for Secretary Leavitt, and December 2004 for Secretaries Nicholson and Spellings.

Rumsfeld, Snow, Chao, Mineta, and Norton, the estimates were generated using public financial disclosure reports filed in May 2004.

The estimates in this analysis should be considered to be educated approximations of the actual tax benefits received by President Bush and his Cabinet. One source of uncertainty in the estimates is that it is impossible to know exactly how each person will structure his or her estate. Another source of uncertainty is that it is impossible to know exactly what assets a person will have at their death.

For purposes of this analysis, the estimated tax savings is calculated by applying the 2001 estate tax rate schedule to the holdings of each individual, less the \$1 million exemption. The analysis assumes that each individual will not die before the estate tax is repealed.

Findings

The President, Vice President, and 11 members of the Cabinet will be major beneficiaries if the repeal of the estate tax is made permanent. The following chart shows the estimated tax savings for the President, the Vice President, and the Cabinet members.⁵

Estimated Estate Tax Savings for President Bush and His Cabinet

Name	Position	Estimated Net Worth	Estimated Tax Savings
George W. Bush	President	\$3 million – \$12.9 million	\$787,193 – \$6.2 million
Dick Cheney	Vice President	\$23.9 million – \$111.3 million	\$12.6 million – \$60.7 million
Donald Rumsfeld	Sec. of Defense	\$58.8 million – \$185.1 million	\$31.8 million – \$101.3 million
John Snow	Sec. of Treasury	\$42.7 million – \$128 million	\$22.9 million – \$69.8 million
Samuel Bodman	Sec. of Energy	\$19.6 million – \$82.2 million	\$10.2 million – \$44.7 million
Carlos Gutierrez	Sec. of Commerce	\$18.3 million – \$84.8 million	\$9.5 million – \$46.1 million
Jim Nicholson	Sec. of VA	\$6.4 million – \$20.3 million	\$2.6 million – \$10.6 million
Michael Chertoff	Sec. of DHS	\$2.1 million – \$5.2 million	\$373,708 – \$2.0 million
Elaine Chao	Sec. of Labor	\$1.5 million – \$3.3 million	\$158,927 – \$925,350
Mike Johanns	Sec. of Agriculture	\$1.5 million – \$3.4 million	\$152,068 – \$966,020
Condoleezza Rice	Sec. of State	\$1.2 million – \$2.6 million	\$56,087 – \$616,550
Michael Leavitt ⁶	Sec. of HHS	\$949,011 – \$2.1 million	\$0 – \$370,400
Alphonso Jackson ⁵	Sec. of HUD	\$864,015 – \$2 million	\$0 – \$291,590
Total		\$181 million – \$643 million	\$91 million – \$344 million

⁵ Attorney General Gonzales, EPA Administrator Johnson, and Secretaries Spellings, Mineta, and Norton are all exempt from the Estate Tax, and do not appear on this chart.

⁶ It is possible that Secretaries Leavitt and Jackson are exempt from the estate tax. The holdings threshold for the estate tax is \$1 million or more. The estimates of the holdings of Secretaries Leavitt and Jackson suggest that the holdings of each man may be less than \$1 million, in which case they would be exempt.