September 3, 2026

Dear Members of Congress:

On behalf of millions of taxpayers across the country, the undersigned organizations urge you to include the Family Business Legacy Act of 2025 in future reconciliation or tax-related legislation. Introduced by Representatives Greg Steube (R-Fla.) and Rich McCormick (R-Ga.), this pivotal legislation creates an estate tax deduction for bequests made to 501(c)(4) social welfare groups, 501(c)(5) labor/agricultural organizations, and 501(c)(6) business leagues, aligning their estate tax treatment with lifetime gift tax rules. This legislation would simplify the tax code, level the playing field, and eliminate legal ambiguities that have led to inconsistent tax treatment and IRS power grabs.

In 2010, the Internal Revenue Service (IRS) initiated efforts to apply gift tax liability to contributions made to section 501(c)(4) organizations. While such contributions were generally understood to be exempt from gift taxation, the IRS began challenging these donations—actions that appeared to be politically motivated. In response, Congress enacted a provision in the Protecting Americans from Tax Hikes (PATH) Act of 2015 (P.L. 114-113), which explicitly affirmed that contributions to 501(c)(4), (c)(5), and (c)(6) organizations are not subject to the gift tax. This legislative clarification served to uphold taxpayers' First Amendment rights by ensuring they could support organizations of their choosing without incurring unjust tax consequences.

In light of the existing discrepancy between the treatment of gift tax and estate tax, then-Congresswoman Kristi Noem (R-S.D.) and now-House Ways & Means Committee Chairman Jason Smith (R-Mo.) previously introduced the Family Business Legacy Act (FBLA). They sought to harmonize estate and gift tax provisions as they pertain to contributions made to organizations described in sections 501(c)(4), (c)(5), and (c)(6) of the Internal Revenue Code.

The Tax Cuts and Jobs Act (TCJA) significantly reduced the estate tax burden—commonly referred to as the "death tax"—on small businesses by temporarily doubling the unified exemption amount. The One Big Beautiful Bill built on this progress by permanently expanding and locking in higher exemption limits. These policies have provided meaningful relief to a wide range of family-owned enterprises—including distributors, manufacturers, farmers, and ranchers. However, the continued rise in farmland values and inflation in equipment costs means that many family businesses still confront substantial estate tax exposure and related succession planning challenges.

Establishing an explicit estate tax deduction for testamentary gifts to achieve parity with the tax treatment of lifetime transfers would mean significant tax relief for family-owned businesses and less power for IRS bureaucrats. We urge you to include this pivotal reform in upcoming legislation and support continued measures to reduce taxes and simplify the tax code.

Sincerely,

Ross Marchand
Executive Director
Taxpayers Protection Alliance

Brandon Arnold
Executive Vice President
National Taxpayers Union

Daniel J. Erspamer
CEO
Pelican Institute

Brent Gardner
Chief Government Affairs Officer
Americans for Prosperity

David Ibsen
President
Citizens for Free Markets

Alfredo Ortiz
Vice Chairman
Job Creators Network

Phil Kerpen
President
American Commitment

Karen Kerrigan
President & CEO
Small Business & Entrepreneurship Council

George Landrith
President
Frontiers of Freedom

Jeffrey Mazzela
President
Center for Individual Freedom

Daniel J. Mitchell
President
Center for Freedom and Prosperity

Patrice Onwuka
Vice President for Economic Policy
Independent Women

Gerard Scimeca
Chairman
Consumer Action for a Strong Economy