



**I M P A C T O**

GROUP | LLC

Five-State Executive Interview Study of  
100+ Hispanic Family-Owned Businesses on  
Federal "Death Taxes"

**Reported by *IMPACTO* Group LLC**

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## Overview

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At first blush, it may be somewhat surprising that attitudes in the Hispanic community towards federal estate taxes, commonly known as “death taxes,” are so strong. Qualitative research conducted by the *Impacto* Group LLC (“*Impacto*”) in Las Vegas, Nev., among Hispanic small business owners revealed an overwhelming level of antipathy toward this tax. However, the research obtained through the Las Vegas focus groups also showed a low level of knowledge about the “death tax” among the Hispanic business owners participating in the study.

The reason for this is, most likely, that these same business owners represent the first generation of entrepreneurial success in the Hispanic community. Therefore, they do not have a level of awareness equal to that of other U.S. ethnic populations about what most people assume to be a shared experience. Consequently, they have not yet experienced the devastation the “death tax” can bring to a family-owned business while their friends or family members also have yet to deal with its ramifications.

The U.S. Hispanic community is, relative to the rest of the population, on the low end of the learning curve about the “death tax.” Any substantive research into its attitudes, therefore, must begin with a more concentrated, in depth examination into attitudes that also measures for experience. A broad-based survey, the more traditional means of collecting data, would be of little use in this case because the total pool of potential respondents lacks the information necessary to reach an informed conclusion.

By engaging in a targeted survey of Hispanic business owners that also probed for level of awareness about the issue, *Impacto* was able to develop a statistically significant and, more importantly, reflective sample of attitudes in the community towards federal estate taxes among those who were aware of its existence. For most Hispanic business owners, the “death tax” is a future and perhaps unknown concern that will only surface after it is too late to do anything about it. This may bond the Hispanic community to other segments of the U.S. population -- mostly first generation children from other immigrant blocs -- who have had to deal with the “death tax” after it was too late to plan, resulting in the sale and disbursement of a parent’s economic legacy to their children.

The data indicates the desire to eliminate the “death tax” is felt intensely among those Hispanic business owners who were aware of its existence. Intensity leads to mobilization and to action. Hence, the community of Hispanic business owners will more likely lend political, economic and cultural support to those organizations and individuals who stand with them in their desire to leave the legacy of a better, more economically secure life to their children.

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## Background and Methodology

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*Impacto* sought to conduct a comprehensive assessment of Hispanic family-owned business owners to understand their attitudes and predispositions on a variety of public policy issues related to federal estate taxes, which are now known as “death taxes.” The objectives of this research were to:

- Understand Hispanic family-owned business owners’ awareness about “death taxes;”
- Determine Hispanic family-owned business owners’ opinions about the fairness of this tax, and ascertain what they perceive to be its economic impact on building wealth or growing their businesses;
- Gain insight into what preparation has been taken in anticipation of the tax;
- Assess the political IQ of Hispanic small-business owners, and
- Gauge their commitment to getting involved in legislative or political processes related to federal estate taxes.

To meet this goal, V. Lance Tarrance, Jr., research director for this project, instructed interviewers to conduct 154 interviews from April 7-24, 2004, among likely voters of Hispanic descent who had family-owned businesses. Two surveys were conducted via telephone in five states: Arizona, Nevada, New Mexico, Florida and California. The first study consisted of a 45- to 60-minute one-on-one executive interview with 100 respondents using both qualitative and quantitative research components. This was combined with a second 13-minute quantitative supplemental survey conducted among 54 respondents. Overall, the small, homogenous sample size of N=154 yielded a margin of error of +/- 7.9 at the 95% confidence level.

	Arizona	Nevada/California	New Mexico	Florida
Number of Interviews	37	40	37	40

Survey candidates were recruited from a sample obtained by random-digit dialing Hispanic/Latino business owners. Additional recruits were gathered from respondents’ circle of contacts. Each respondent was screened and recruited based on the following additional criteria:

- Intend to vote in the 2004 election;
- Were owners of family-owned businesses;
- Were self-identified as being of Hispanic descent, defined as Mexico or Latin American origin; if born in the U.S., parents must both come from Mexico or a Latin American country;
- Mix of businesses (in terms of age, size and type);
- Mix of self-identified Republicans, Democrats and independents;

- Mix of men and women; and
- Earned an annual household income of \$20,000 or more.

#### SUPPLEMENTARY QUANTITATIVE DATA

An additional 54 completed surveys were collected to provide a larger representative sample. These surveys were quantitative in nature and collected primarily to add statistical validity to percentages represented in this report. They represent data collected from April 13-18, 2004. Trends and patterns in the qualitative versus quantitative surveys were highly consistent. The demographic composition of these two groups was also statistically identical.

#### PRELIMINARY FOCUS GROUPS

Prior to development of the five-state research design, the team conducted two Pre-Test focus groups (8-10 people each) among Hispanic male and female small-business owners in Las Vegas, Nev., on Tues., March 9, 2004. The initial qualitative findings offered a culturally-sensitive starting point to guide the development of a larger Hispanic research design. Since most Hispanic business owners lacked sufficient institutional knowledge of the “death tax” to complete a 15-minute survey, the team constructed a research methodology that encompassed longer, more in-depth one-on-one interviews.

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## Key Findings and Representative Quotes

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### Overview

***“It [death tax] affects everybody. If I shut down my business, it puts 18 families on the street. These families would then become dependent on the government for support, and it would increase the problem—not solve it.”***

**—Male respondent, manufacturing and engineering, Nev.**

- Few respondents expressed awareness and understanding of federal estate taxes, and those who said they understood the tax implications believe it is a high priority to better educate the Hispanic community.
- Since many respondents were not truly aware of the “death tax” and its economic implications, they expressed surprise and deep frustration in learning about its potential impact on their businesses and families.
- Respondents were more stunned and concerned with the percentage of the “death taxes” (41%-49%) than with the amount of the lifetime exemption, though many believe the \$1M exemption is low. Nearly half of the respondents expressed that the 49% federal tax rate was out-of-line or “ridiculous.”
- One third (36%) of respondents believe they can escape “death taxes” by taking their assets out of the country before their death.
- Almost three-quarters (74%) of respondents disagree with the statement: “The ‘death tax’ does not affect me—only the wealthy.”
- Since a majority of respondents were not *truly* knowledgeable about “death taxes” or how and when they applied, an overwhelming majority began to adamantly oppose “death taxes” after they learned about the percentage rate and the lifetime exemption amount.
- 71% of respondents say they’ll support candidates who want to eliminate the “death tax;”
- Four out of five respondents (81%) are motivated to take action on the “death tax” issue, e.g., meet with financial planners, write a letter to Congress, etc.
- 83% of Hispanic small business owners surveyed believe that the “death tax” is unfair;
- Only about one in three Hispanic small businesses has taken steps to deal with the “death tax,” and one out of four believe their heirs would be forced to sell off part of their businesses to do so;
- Half of all respondents already know a Hispanic-owned small business that has had difficulty meeting the tax, including some that were forced to liquidate;
- Awareness of the “death tax” issue increases as voters age; Hispanic business owners over the age of 50 – those most likely to vote – are most aware of the tax (76%);

- 79% of respondents agree that their businesses are overtaxed;
- 81% believe wealthy individuals will be able to avoid the “death tax” by hiring lawyers and accountants, but 73% believe the “death tax” is unfair regardless of the amount of wealth attained;
- 66% say the tax is affecting their ability to meet company goals by distracting their attention (23%) and wasting resources (11%); and
- One in five (20%) respondents mentioned *selling their business* early to avoid “death taxes” altogether.

*General Views on Tax Cuts and Spending*

***“Look, you are paying taxes all of your life. Then you die and Uncle Sam comes to the door and says, ‘guess what?’ It is like being in double jeopardy in court. The law-abiding citizen spends his life being innocent and is then charged guilty when he dies.”—Male respondent, automotive parts sales, Fla.***

As a whole, Hispanic respondents view their obligation to pay taxes as part of their civic duty; yet they tend to be overwhelmed with the amount of taxes they pay. As business owners, they would like to see their taxes reduced or at least not pay taxes they perceive as duplicative or unnecessary.

Overall, 79% of respondents *somewhat* or *strongly agree* their business is overtaxed, and they do not want to pay additional taxes.

**Figure 1: Views on Taxes**



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### *Stimulating the Economy*

When it comes to stimulating the economy, respondents overwhelmingly believe (68%) tax cuts are more effective than increased government spending (26%). Eighty-six percent of respondents feel taxes should be reduced for lower and middle class families. Almost half (48%) believe all Americans deserve reductions in their taxes.

### *Awareness of "Death Tax"*

***"I have to hold some of my money back for it [death tax], so I haven't been able to expand as much as I could."***—Male respondent, auto parts sales, Fla.

A great majority of respondents have only a limited knowledge of "death taxes;" although a large percentage said they were familiar with the issue, less than 5% have "significant" knowledge of the topic.

- A majority (60%) were familiar with federal estate taxes to some degree, with more than half (54%) of respondents familiar with the actual term "death taxes."

Overall, the trends between different sub-groups were very similar. These similarities are *not statistically significant* but may indicate trends that could be investigated in future research:

- Business owners in New Mexico were the most likely to be aware of federal estate taxes (64%), while respondents in Nevada/California were the least likely to be aware (56%).
- Men were more likely to be aware (63%) than women (55%).
- People with children are more likely to be aware (61%) than people without children (50%)
- People under the age of 50 were less likely to be aware (50%) of "death taxes" than people 50 or older (76%).

Respondents shared a varying degree of understanding about the tax issue. They were uncertain, or cited incorrect information about the amount of the tax [tax rate], who paid it, when it was due, what qualified as part of their estate [value], the amount of the lifetime exemption, and what could be done to prepare for the tax payment.

A majority of respondents lack first-hand experience with "death taxes," nor do they have familiarity with the economic implications for family-owned businesses. Some of the reasons for this trend include a majority of Hispanics being the first generation to own a business and their knowledge of the tax laws is derived from the experiences they had in their country of origin. A majority of Hispanics was outraged more by the rate of the tax than the lifetime exemption amount of \$1M, even though there was general feeling the exemption amount was too low.

Most of the participants who were aware of the tax prior to the interview were opposed to it from the beginning. Business owners repeatedly indicated the tax was double taxation or just generally too high. In

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general, however, as the topic of “death taxes” was discussed respondents became more frustrated with federal taxation in the aggregate. “Death taxes,” whether expected or unexpected, were viewed literally as the last fatal blow.

The longer the topic of “death taxes” was discussed several respondents became increasingly concerned and agitated about its implications on their business. While several indicated they were willing to pay taxes, they expressed bitterness about the tremendous amount the government required at the time of death.

Many respondents changed their attitudes about the “death tax” after they became educated:

### Early in the survey...

***“We live in the greatest country on earth and to my knowledge we have more opportunities than anyone else to succeed, so I feel the taxes are deserving to the government.”—Male respondent, automotive repair, N.M.***

### Same respondent later in the survey...

***“People don’t have that kind of money . . . If they inherit from their father and have to pay the 40% of the value, where is that money going to come from? Most families use the life insurance to pay off the mortgage, so that the mother isn’t left with a house she can’t pay for. It just seems totally unfair to me. I never even knew about that.”***

Still others—upon learning of the tax—became suspicious of the government. Said a mortgage lender in California: “Just the fact that I didn’t know there was a ‘death tax’ makes me motivated to find out about other taxes there may be out there.”

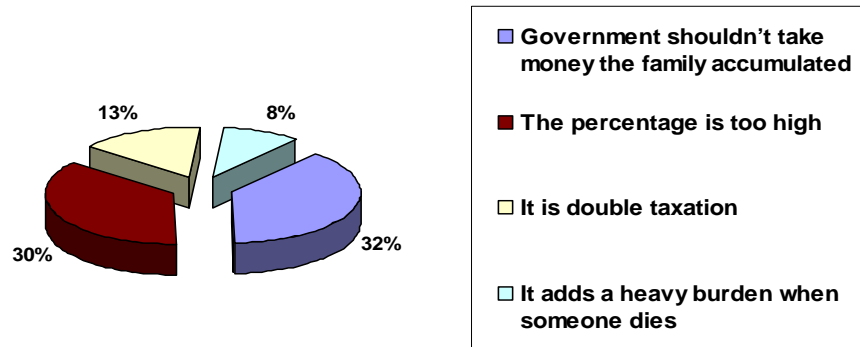
### *Issue of Fairness*

***“I never thought about it percentage-wise . . . I’m opposed to anything over 10%. Only God asks for 10%, everyone else asks for an exorbitant amount.”—Male respondent, general construction, Ariz.***

- In total, 83% of the sample agrees taxes are *completely* or *somewhat unfair* (completely unfair (64%), somewhat unfair (19%)). The trends between different sub-groups were very similar.

Respondents who believe the tax is unfair were asked to explain their decision. Overall, respondents believe a fair level of taxes has already been collected. They agree they have worked hard to create a legacy to pass on to their children, not to the [federal ] government.

**The Most Verbalized Reasons “Death Taxes” are Unfair:**



**Q. If you think it's [death taxes] unfair, then why?**

Almost three-quarters (74%) of respondents *somewhat* or *strongly* disagree with the statement: “The ‘death tax’ does not affect me, only the wealthy.” Four out of five respondents (81%) feel wealthy individuals will be able to avoid “death taxes” by hiring lawyers and accountants to take advantage of loopholes. Although some respondents had personal experience to base their opinion on, others had suspicions based largely on hearsay and speculation.

When questioned about sustaining federal estate taxes for exceedingly wealthy individuals, e.g., Bill Gates, Oprah Winfrey, the respondents maintained the tax was unfair regardless of amount of wealth attained. Almost three of four respondents (73%) agreed the amount of wealth should not matter when determining who should pay the tax.

***“We should do what we can to encourage the most productive and successful members of society; not discourage them with large taxes.”***  
 — Male respondent, food distribution, Ariz.

*Effects of “Death Taxes” on Small Businesses*

***“I think it's [estate tax] too severe. Often times estates have to be liquidated to pay the taxes, and literally nothing is left for the heirs . . . Entrepreneurs are penalized for dying.”—Male respondent, N.M.***

Overall, respondents from the Hispanic family-owned businesses now recognize the impacts of “death taxes” on their businesses. They are aware of the hardships experienced by the unprepared. It is worth noting that some entrepreneurs, upon learning about the “death tax,” are reconsidering their career choice.



***“Now that I’ve heard this [about death taxes] I’m not interested in working self –employed anymore. I would prefer to work for someone else. That’s why I think too many businesses are going bankrupt.”***

— Female respondent, professional consultant, N.M.

***“I am terrified. Now I have to start planning for it [death taxes]. Is it worth it to own a business?”***

— Female respondent, real estate services, Calif.

Though many respondents were not well informed about the “death tax,” two out of three (66%) respondents say the tax is affecting their ability to meet their company’s goals and objectives by distracting their attention (23%), wasting the resources (11%), etc. The specific effects of the tax vary. In some cases, expansion is delayed, debt is accrued or resources are re-directed. In other instances, respondents said they have taken action but feel the “death tax” will bring their business to an inevitable end.

Although few respondents had personal experience with the federal estate taxes, half (50%) have heard of people experiencing hardships due to lack of preparation for “death taxes,” and many speak of “selling off” their equipment and businesses as a customary way to pay the tax.

- When asked: “Q5. *These are ways folks have gathered the money to pay for the tax: Life insurance proceeds would be used; the business would borrow money; all or part of the business would be sold off; or plans for expansion, substantially curtailed or abandoned altogether. Do you plan to use any of these methods?*” they responded as follows:
  - More than one third (36%) mentioned the use of life insurance to help pay for “death taxes;”
  - One out of four (25%) would sell off part of the business to cover the tax;
  - 10% would have to delay expansion of the business to compensate for the tax;
  - 11% percent mentioned borrowing money; and
  - 17% mentioned a general willingness to use any of the approaches and a few respondents would not use (or didn’t know if they would use) any of those approaches (19%).

Note: Respondents were able to select more than one answer.

### ***Hispanic Community***

More than three-quarters (76%) of respondents agree this is an important issue to the Hispanic community. Sixty-two percent believe there is a sense of urgency in the Hispanic community to address the issue, but it also affects the larger U.S. population. Respondents identified the lack of information about federal estate taxes as the most important factor causing the greatest concern.

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## *Preparation and Knowledge of Tax*

### ***“I don’t plan on dying.”—Male respondent, automotive sales, Fla.***

The Hispanic business owners shared a strong sense (70%) that the day-to-day activities of running a company are more important than preparing for taxes, which are years away. Even after learning about “death taxes” many will still focus on the “here and now.” Some are convinced they do not need to prepare because their estate will never get large enough to exceed the lifetime exemption. Overall, 49% claim to be prepared to deal with “death taxes” if the principal owner of the company died today.

The trends between different sub-groups were very similar. The following points are *not statistically significant* but may indicate trends that could be investigated in future research:

- Respondents in New Mexico were the most likely to report they were prepared for the “death tax” (60%), compared to respondents in Nevada/California who were the least likely to be prepared (40%).
- 53% who had children were prepared, compared to 17% without children.
- Men (54%) were more likely than women (39%) to be prepared to pay the tax.
- Respondents 50 years old or older were more likely to have prepared (61%) than respondents under the age of 50 (41%). Eighty-two percent of those 60 years old or older are prepared. In fact, the oldest 11% of our interviewer base (ages 63 to 79) were prepared. The findings suggest individuals eventually prepare for “death taxes.” *The greatest risk may be in preparing for unexpected death.*

### ***Preparation Versus Knowledge of the Tax***

The traditional logic that “people only prepare for the tax if they are aware of it” failed to accurately describe the respondents. In the following section, we will explore the interaction between awareness and preparedness, and in particular, focus on a group of individuals who said they were prepared for “death taxes” in one instance, and that they were “unaware” of the taxes in another.

The rate of preparedness varies greatly with respondents’ general awareness of federal estate taxes. Among those aware, 60% are prepared to pay the tax. Two-thirds (68%) of respondents who said they were not aware of “death taxes,” are not prepared to pay the tax. Accurately identifying who is “prepared” might be somewhat distorted for three reasons:

- Respondents may believe their other financial preparations will encompass the needs of the “death taxes,” i.e., using retirement savings, etc. In that way, they feel they have are unknowingly prepared to pay the tax, even though this is the first they have heard of it.
- Some respondents may have actually been formulating a plan while participating in the interview; and
- In some cases, the question “Are you prepared to pay ‘death taxes?’” is interpreted as, “Are you *willing* to pay ‘death taxes?’” As previously noted, most respondents view paying taxes as an important part of their civic duty.



***Aware of estate taxes and prepared (36% of total)***

More than a third (36%) are aware of the tax and have taken steps to prepare. These family-owned businesses seem to use one or two general strategies. Either they find ways to avoid the tax by using trust funds or other legal maneuvering; or alternatively, they plan to have the resources to pay the tax by using insurance policies, etc.

***“The family would be prepared because I have a life insurance policy that is there for that reason to make sure they are able to carry on and take care of things.”*** — Male respondent, real estate sales, Ariz.

***“My son would keep the assets because he works out of here, too. I think my son would be prepared to pay the tax because he has invested [wisely]; he makes money.”*** — Female respondent, consumer goods sales, N.M.

***Aware of estate taxes but not prepared (24% of total)***

Less than one quarter (24%) of those interviewed are aware of the “death tax” but have not yet started to prepare. They anticipate the worst (liquidating their business) but are often too busy to start the preparation process.

***“All my assets would go into my estate. They [family] would not be able to pay the tax, really, only because they aren’t ready for it. It would just be a cash flow problem; but if they got my assets, then they could sell off whatever they needed to pay the tax.”***  
—Male respondent, real estate sales, Ariz.

***Not aware of estate taxes but claim to be prepared (13% of total)***

Only 13% of respondents feel prepared for “death taxes,” even though they indicated *no* awareness of “death tax” at the beginning of the interview. They have contingency plans in place to help cover the “death tax,” even though they did not specifically plan for that purpose.

***“We’re so small that if I die, I told them to sell everything and give it to the kids. Other companies have estate sales; we could have one of those.”*** — Female respondent, manufacturing, Calif.

***“I have life insurance for me. In case anything happens to me, it’ll all go to my family. But I didn’t do it for the ‘death tax.’”***  
— Female respondent, mortgage sales, Calif.

***Not aware of estate taxes and not prepared (27% of total)***

More than one quarter (27%) of respondents were not aware of the “death tax” at the beginning of the survey, and they recognized they were not prepared for the tax burden. This group is in the greatest jeopardy of losing their businesses.

***“Well, my family won’t have a clue what to do, but I’m sure a family friend who is an attorney or accountant would help. That’s the nature of the culture, someone would help them figure out what to do ... I know my parents won’t have a clue, but I’m inclined now to tell them about this, that’s for sure.”***

*— Male respondent, pharmaceutical manufacturer, Fla.*

Respondents were asked: “How much has your business spent on preparing for the death tax in the last five years? Did you consult with an attorney or estate planner; pay life insurance premiums, or incur other internal costs?” Respondents were able to select more than one answer. The results follow:

- Almost half (45%) of Hispanic family-owned businesses have not yet taken any monetary measures to protect their business;
- One in four (25%) mentioned working with a consultant or attorney to prepare;
- Almost one third (32%) have set up a life insurance program to deal with these taxes; and
- 30% have spent money in some way to prepare for the tax.

When asked: “Knowing that your children would pay a 49 percent tax, would you sell your business or property early to provide liquidity to pay the tax; or would you try to find some other alternative?” **one in five (20%) respondents mentioned selling their business early to avoid “death taxes.”** This becomes an attractive option to business owners because it allows them to spare their family the trouble of scrambling to sell assets to acquire enough financial resources.

One third (36%) of Hispanic family-owned businesses agree they could escape “death taxes” by liquidating their assets and moving their wealth abroad prior to their death. Although many respondents have patriotic and moral objections to retiring in another country, this percentage is ready take any measures necessary to avoid “death taxes,” including relocation.

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*Candidate Perspectives (Appeal of Messages to Latino Audiences)*

**“I would support any candidate, Democrat or Republican that opposed the ‘death tax.’” — Male respondent, N.M.**

***Question: Elimination of the “Death Tax” or Status Quo***

In this scenario, interviewers described two political candidates running for office in upcoming elections with opposing viewpoints on “death taxes.” Each respondent was then asked to select whom they would vote for and explain why they DID and DID NOT select a certain candidate.

The candidate who espoused an anti-tax position showed significantly more support than the pro-estate tax candidate. Most of the respondents clearly identified with him, feeling he best represented their position or he was “looking out for small business.”

**Candidate Jones likes the idea that Death Taxes should be eliminated. They are unfair because it’s a disincentive to business, penalizes folks who save and invest — or for no other reason than they are successful; moreover, Death Taxes are an extreme form of taxation and result in the selling off of family-owned businesses due to a tax rate as high as 49 percent.**

**Candidate Smith disagrees and says the Death Tax, which does not apply to estates valued at less than \$1 million, restores fairness to the system since it affects only the richest 2 percent of Americans, who often take advantage of tax loopholes and avoid paying income taxes altogether.**

**Now based on upon the description I just read, which candidate’s viewpoint is closest to your own?**

- Seventy-one percent (71%) of Hispanic family-owned businesses would vote for someone who argued “death taxes” should be eliminated, over a candidate who believes the tax is fair because it targets only the rich.
- Regardless of Party affiliation, respondents equally opposed “death taxes.”
- Statewide support for Candidate Jones varied as follows: New Mexico (76%), Nevada/California (75%), Florida (68%) and Arizona (65%).

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*Taking Action*

***“The government should want companies to keep growing so families can keep it going, not give all the money and half the company to the government for taxes.”—Male respondent, Exporter, Fla.***

One of the most astounding items pinpointed by the survey is the large percentage of respondents who would take action once they became more informed about the tax issue, especially considering the limited nature of the Hispanic community to significantly engage in a political process. For those respondents who were aware of the tax implications, they assumed their alternatives were to meet with financial planners and/or buy life insurance. These individuals did not immediately think of exerting political influence or engaging in a public policy debate on the issue. However, as these individuals and those with limited or no knowledge of federal estate taxes learned about the actual percentage rates and lifetime exemption, they began to express a strong interest in finding many ways to protect their family assets.

- Four of every five Hispanic family business owners (81%) are motivated to take action on “death taxes.”
- When asked to identify actions they would take: 68% reported they would vote for a candidate supporting their views; 55% would speak with other business owners; 52% would meet with financial planners; and 51% would write a letter to Congress.
- When provided with a list of potential actions to select: 100% said they would vote for a candidate supporting their views; 89% would speak with other business owners; 84% would write a letter to Congress; and 66% would meet with financial planners.

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Appendix I                      In Their Own Words: Notable Quotes

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***“I would like to see more information on it. I would like to see it debated at the highest political levels, as a very serious discussion between the two parties . . . which I am afraid is not going to happen . . . . I am not sure I would get out in the street and march, but I need to pay attention to it. This election in my heart I feel is a very serious long-reaching election, so I need to become more concerned and informed.”—Male respondent, distribution/sales, Nev.***

*Knowledge of Tax*

- *“I didn’t know it was 41 or 49%. That’s outrageous.”—Male respondent, plumbing, A/C repair, N.M.*
- *“I didn’t know the percentage was that high. [I thought it was more] like maybe 15%, no more than 25%.”—Female respondent, restaurant owner, Ariz.*

*Awareness within the Hispanic Community*

- *“Hispanics have a hard time of understanding the IRS. It’s sad ‘cause the higher you go the more access you have to information about how to protect your assets, so Hispanics don’t have much access to that.”—Female respondent, Fla.*
- *“I think that most Spanish that own a business, they are not even informed of the situation, or what happens when the owner dies, and how they are going to have to give 45% to the government.”—Male respondent, radio station owner, Ariz.*
- *“I think the biggest problem is we’re [Hispanic business owners] not aware of it in general. I think it would be a huge issue if everyone were aware of it.”—Male respondent, Internet-based retail, Ariz.*

*Preparation*

- *“I would have to sell everything. . . . We have a lot of debt. Everything would go to taxes and debt collectors and there would be nothing left.”—Female respondent, N.M.*
- *“I am hearing this more and more. . . in the news how someone passes on and they are not aware of the tax. The children/grandchildren have a hard time getting the money. They end up losing the business and not having any income. This increases government spending taking care of these people and helping them get back into the labor pool.”—Female respondent, accounting/tax services, N.M.*
- *“I am trying to make sure the estate is within the limit— that includes working hard to keep my business small rather than expanding.” —Male respondent, restaurant owner, N.M.*

- *“Money that could be spent on improvement is spent on lawyer fees. This creates less payroll because the money cannot be used for employees but has to be used for the tax.”—Female respondent, accounting and tax services, N.M.*
- *“[I] have not prepared for anything—can’t afford it. We’re barely making it. Maybe once we get out of debt we can take a look at our options . . . Right now I’m just stressing out on trying to build the business.”—Female respondent, N.M.*
- *“It seems to me that if I don’t take care of the business today, there’s not going to be anything later on to worry about. The business is everyday.”—Male respondent, construction, Nev.*
- *“You only have so much time to run a company, and you use most of that time concentrating on the present, not the future.”—Female respondent, Fla.*
- *“[Death tax] affects me now and the future of my business by creating a diversion of my attention and resources from places where that would be productive to places that are unproductive.”—Male respondent, beverage distribution, Ariz.*
- *“They would have to end up selling off all the equipment and things like that which would probably end up killing the business.”—Male respondent, graphic design, Ariz.*
- *“I would definitely not want to leave them with the tax. I’d figure out another way to free them from that. But you never know when you are going to die. It is a tough question—I’d rather sell my business and invest the money in their future before I die.”—Male respondent, auto repair, N.M.*
- *“I have buy-sell agreements in place. I have multi-charitable trusts in place so the estate would pretty much stay intact. The family would absolutely be prepared to pay the tax. I also have term life insurance.”—Male respondent, investment services, Nev.*
- *“I would hunt down the best tax lawyers before I die and I would put everything in a shelter from the IRS, and it would hide my assets. In our case, we might donate to institutions because we don’t have kids and the rest of the family is comfortable.”—Female respondent, Fla.*
- *“A family that has worked for 60 years and the matriarch passes away, you have 60 years of hard sweat from the family taken away. It is wrong. It is stealing money.”—Male respondent, auto parts sales, Fla.*

### *Moving to Mexico to Avoid the Tax*

- *“It is mine. I earned it, and selling it off should be my decision, Taking the assets where I want should be my decision. The government should have no dips on it.”—Male respondent, auto parts sales, Fla.*
- *You are leaving the country. You are not longer here. So why should you have to pay the taxes?”—Male respondent, jeweler, Ariz.*

- *“I already know a lot of people that are doing it in retirement, packing up and moving and opening small businesses because it’s cheaper out there and they don’t have to loose anything and their families can still gain whatever their making out there with their retirement.”—Female respondent, plumbing and A/C repair, N.M.*
- *“I believe that money should be mine and if I want to got to the moon with my money, I should be able to...it’s mine.” —Male respondent, construction, Fla.*

### *Fairness*

- *“The government has not gotten up early with me to go out and earn this money, why should they be entitled to it?” —Male respondent, plumbing and A/C repair, N.M.*
- *“I believe in fair taxing, I would agree with a tax, but I don’t agree with the amount.”—Male respondent, consulting and distribution, Nev.*
- *“You work all your life to give your children a future, and then lose it right there [at your death].”—Male respondent, computer consultant, Fla.*
- *“Why do my kids have to pay tax? . . . That’s not fair. That’s why we work. We work for our kids. I work for my kids to go to college—I pay taxes on that. Now they want more tax?”—Female respondent, N.M.*
- *“I am appalled that an entire tax system can expect that anytime something in a family is transferred they can think it is fair to give half of it to the government.”—Male respondent, consulting services, Nev.*
- *“A business usually starts from the ground up; those people have so much put into it, even the children. They have a good thing going; then the government still gets a portion. The government is gluttonous. We’re not given a break, and to have a family business destroyed because the government wants 49%? Government is too involved. How are these people supposed to keep going? But our kids . . . have to work just as hard to pay the taxes and get out of the hole again.”—Male respondent, general construction, Ariz.*
- *“You pay taxes all right. I pay taxes the whole year. I pay property taxes, and sales taxes, and personal taxes. I bought my business from a corporation, so out of what I make I pay, pay, pay and pay. And in the end if I’m lucky I can keep 25 or 20 cents on a dollar. I don’t think that’s fair. and then I work all my life and I save, and in the end my kids still have to pay. Then when I pass over they still have to pay. I cannot even own what I have. I can only own maybe 45 percent of what I have, because of what I am able to give to my kids.” —Male respondent, media services, Ariz.*

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### *Effects in the Hispanic Community*

- *“We need to be educated about this. It’s not well known enough. We need people who are knowledgeable about this to educate the Hispanic community and especially the small business owners.”—Male respondent, construction, Ariz.*
- *A lot of them [Hispanics] come in without knowing the laws. They don’t understand them, and they are not familiar with them—just like me.” —Male respondent, computer repair, Nev.*

### *Willingness to Pay Tax*

- *“I pay an employees’ taxes, then my payroll is also taxed, then my profits are taxed. Tax, tax, tax. That’s all I do—pay taxes. Even when I die they’ll take it away from me.”—Male respondent, manufacturer, Fla.*
- *“I already pay taxes. They already equal the first three months of income for the year. So for the first three months of the year, I am working for the government.”—Male respondent, jewelry manufacturing, Ariz.*

### *Thoughts on Candidate Perspectives Jones v. Smith*

#### Question: Elimination or Status Quo

- *“The view of Jones is clear, unequivocal and accurate.”—Male respondent, food distribution, Ariz.*
- *“I agree with Jones - it shouldn’t even exist and it is just too much. Even if someone is very successful you cannot save the 49%. I think it would be better if we could save and expand our business.”—Male respondent, construction, N.M.*
- *“Candidate Jones wants to abolish the taxes and I agree. It hurts small business.”—Male respondent, construction-masonry, Fla.*
- *“Smith kept saying that the rich can avoid paying taxes. It’s the wealthy five percent that actually keep the country going, but they also need some kind of a legal way to bring the money back and invest it in something else, and empower more people.”—Female respondent, collection agency, N.M.*
- *“I’m an entrepreneur and I always worked for everything I have and by proper planning and if we don’t have to worry about these things we are able to work harder without the fear of having our things taken away. I don’t think the government owes me anything, and I don’t want a handout—just a hand [up].”—Male respondent, real estate sales, Ariz.*

- *“I think the Republican Party treats the business people more fair than the Democratic Party. That’s why I like Republicans in office; they’re more in tune with the needs of small business persons to try to avoid taxation.”—Male respondent, real estate development, N.M.*

*Are Only Wealthy Individuals Impacted by “Death Taxes”*

- *“Especially someone like myself with a middle class income. It affects us more than it does the rich people. They can afford it easier. We can’t afford it.”—Male respondent, manufacturing, Ariz.*
- *“I know for a fact there are several things you can do with your money that will shelter it from those types of taxes but you must have a lot of money to do those things.”—Male respondent, engineering, Ariz.*