



# The Death Tax: A Menace to Entrepreneurship

As each successive wave of immigrants has come to America and taken its place in the economic mainstream, with time, its attitudes and preferences have changed. It only stands to reason that the concerns of a recent immigrant will change greatly as that individual buys a home, opens a business and raises a family in the new country.

This evolution is now happening to Hispanics. A new study confirms that as significant numbers of Hispanics begin to open businesses and raise families, their political views are changing in ways one wouldn't have anticipated.

In a closely divided electorate like this one, with so much at stake this year, the Hispanic awakening is a phenomenon that political leaders in both parties ignore at their peril.

A new study by Impacto Group LLC confirms that as Hispanics follow other immigrant groups on the path toward fulfilling the American dream, their values and aspirations change—and so, too, does their political outlook. Just like the Irish, the Italians and the Eastern Europeans before them, Hispanics are joining the mainstream. As they do, those higher up the economic ladder become the most likely to vote, and their votes are suddenly driven by an expanding interest in economic issues.

While leaders in both political parties argue the niceties of immigration policy, Hispanics have opened more than two million successful small businesses, many of them in "battleground" states like Florida and New Mexico. They take financial risks, work hard and create jobs. They put their own sweat and blood into these small businesses, which they see as their legacy to their children.

It's the owners of these businesses, this new community of Hispanic entrepreneurs and their families, who may well determine whether President Bush can match or exceed his 2000 feat of garnering 35 percent of the Hispanic vote and, in the process, put the Hispanic vote in play for the first time in recent memory.

The Impacto study examined Hispanic business owners in Arizona, California, Florida, Nevada and New Mexico who are likely to vote in the November elections. Among the results:

- 8 out of 10 of Hispanic business owners questioned believe federal estate taxes, known as the "Death Tax," is unfair, and 71 percent say they'll support candidates who oppose it.
- Only one Hispanic business owner in three has been

able to take any steps whatsoever to prepare for the Death Tax's 41-49 percent rate.

- One in four believes that his or her heirs will be forced to sell off at least part of their businesses to pay the Death Tax. Half the respondents already know a Hispanic-owned business that has had trouble paying the tax, including some that have been forced to liquidate.

- The minority of Hispanic-owned businesses that have been able to take steps to reduce their Death Tax liability say that it's detracting from their ability to meet company goals by channeling time, energy and resources away from productive endeavors.

What's happening here is that as Hispanics begin achieving the American Dream, they become more focused on keeping it—passing their hard-earned success to the next generation. While other issues continue to be of concern—immigration, health care and education, in particular—new issues like repeal of the Death Tax begin to move forward.

These Hispanic business owners have undertaken enormous financial risk: often, they were forced to borrow from friends and family to build their businesses and keep them afloat, and they feel a unique responsibility, as Hispanics, to pass on what they've built to their children.

Unlike previous waves of immigrants, who passed the results of their hard labor on to successive generations, half the value of the farms, shops and businesses now being built by pioneering young Hispanic entrepreneurs will instead be confiscated by Uncle Sam, to pay an estate tax. The growth of a Hispanic-American upper class, rising from the long hours of hard work by today's hopeful, idealistic young immigrants, may well be stifled.

When it comes to the Death Tax at least, Hispanic voters are maturing far faster than the attitudes of America's political class of wordsmiths, spin-meisters, image-makers and candidates. They know the tax jeopardizes everything they've worked for, they want it repealed, and they're going to support candidates who'll do so—regardless of their party.

For its own good, the nation's political class had better catch up.

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