

ROBERT L. JOHNSON
Chairman & Chief Executive Officer

March 27, 2003

Dear General Assembly Members:

I am writing to ask your support for repeal of Virginia's estate tax. As you may know, I played a prominent role in the effort to eliminate the federal estate tax because, in addition to damaging family businesses, its negative impact falls disproportionately on minority-owned enterprises.

As the Chairman and CEO of one of America's largest African-American owned and operated enterprises, I have worked hard to encourage and assist other businesses in the hope that they will be able to follow the path toward success. Many African-American own businesses are undercapitalized and face discrimination and other institutional hurdles that are not typical for white-owned enterprises. That's why I believe repeal of the estate tax is so vitally important.

Most states have recognized the negative impact of the estate tax on thinly capitalized businesses, and have followed the federal government's lead in eliminating the estate tax. As part of the coalition advocating repeal of the federal estate tax two years ago, I was joined by 46 other African-American business leaders in calling attention nationally to the burdens the estate tax imposes on many newer businesses. It would be a tragedy if Virginia failed to heed those lessons and retained this destructive tax.

Virginia's estate tax is especially unjust to the first generation of African-American business owners. These individuals often have relatives who have not been so fortunate in accumulating assets and who would directly benefit from being a part of the second generation of a business. In addition, the entire black community suffers when minority- and family-run businesses that provide jobs and services in under-served communities are forced to shut down or retrench in order to pay the estate tax.


Elimination of the estate tax will help close the wealth gap in our nation. The net worth of an African-American family nationally is significantly less than that of the average white family. Repeal of Virginia's estate tax will help the African-American community grow through investment in minority enterprises, stimulating the economic well-being of that community and allowing more black families to participate fully in the American Dream.

The suggestion that Virginia cannot afford to end its estate tax is especially troubling. More than 30 states, many with worse budget situations than Virginia's, are already eliminating this unfair tax. It is precisely because the estate tax is so damaging to economic growth and opportunity that it should be repealed sooner, rather than later. The benefits of repealing the estate tax will be felt, not only in the minority community, but throughout the Virginia economy. And that will mean more resources available sooner to meet pressing governmental needs.

Just a few weeks ago, more than two-thirds of the Virginia legislature supported repealing the estate tax, beginning next January. The hopes of Virginia's newer business men and women and young entrepreneurs, especially in the minority community, were raised by that sensible action. I hope and trust that the vote in the upcoming reconvened session will reward that hope with positive action and bring a timely end to this unjust and counter-productive tax.

Thank you in advance for your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Johnson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Robert L. Johnson