

The background features a collage of American flag elements. On the left, there are white stars on a red field. On the right, there are blue stars on a blue field. A central portion of the background is covered in a black and white halftone dot pattern. A semi-transparent white rectangular box is overlaid on the right side, containing the title text.

Family Business & Family Offices; Legislative and Political Update

Thank you!



Family
Office
Exchange

Speakers and Agenda

- Pat Soldano; President of Policy and Taxation Group and Family Enterprise USA; [“Introduction and Background”](#)
- John Gugliada; Director of Family Business Engagement; [“2024 FEUSA Annual Family Business Survey Results”](#)
- Russ Sullivan; Shareholder of Brownstein Law firm; [“2024 Elections and 2025 Tax Law Changes Affecting Family Offices”](#)
- Pat Soldano; Nex Gen; [“Focus Group and Survey Results”](#)



POLICY AND TAXATION GROUP

Mission

Policy and Taxation Group is the Voice of Family Offices and Financially Successful Individuals.

In Washington, DC, we are focused exclusively on the critical tax and economic issues that impact them.



**Advocating for
Family Business**

Mission

Promote generationally owned family business creation, growth, viability, and sustainability by advocating for family businesses and their lifetime of savings with Congress in Washington, DC.

Represents

All sizes of family businesses in all industries on a national level.

**FAMILY
BUSINESSES
RUN AMERICA**

**32.4
MILLION
FAMILY BUSINESSES**

SOURCE: Update 2021: Family Businesses' Contribution to the U.S. Economy, by Torten M. Pieper, Ph.D., Franz W. Kellermanns, Ph.D., and Joseph Astrachan, Ph.D.

**PERCENTAGE
THAT ARE
FAMILY-OWNED**

87%

**FAMILY
BUSINESSES
CREATE**

83

MILLION

JOBS

**FAMILY
BUSINESSES ARE
BIG
BUSINESS**

59%

**OF U.S.
PRIVATE WORKFORCE**

54%

PRIVATE SECTOR
GDP

FAMILY BUSINESS IS **BIG**

**FAMILY
BUSINESSES
CONTRIBUTE**

**\$7.7
TRILLION
CONTRIBUTION TO
ANNUAL GDP**



Family Enterprise USA
Research Advocacy Legacy

**Advocating for
Family Business**

2024 FEUSA Annual Family Business Survey Results

*Pat Soldano, President
Family Enterprise USA*



FEUSA ANNUAL FAMILY BUSINESS SURVEY RESULTS 2024

RESPONDENTS: **789**

GEOGRAPHY: **40 STATES**



SURVEY SPONSOR



EY Family Enterprise

EY Americas Family Enterprise Center of Excellence serves as a knowledge-sharing and education hub for our network of Family Enterprise professionals who serve family enterprises, both family operating companies and family offices.

The Center is dedicated to equipping our professionals with the training and skills to be a trusted advisor and valued member of your “family” now and for future generations.

ey.com/us/familybusiness

SUPPORTING FAMILY BUSINESS ORGANIZATIONS



THE HIGH CENTER
Partnering for Success
ELIZABETHTOWN COLLEGE



Cornell
SC Johnson College of Business
Smith Family Business Initiative

CSUF | Center for Family Business
COLLEGE OF BUSINESS AND ECONOMICS



Institute *for* Family-Owned
Business



FAMILY BUSINESS ALLIANCE



Family Business Center



WAKE FOREST
UNIVERSITY



SUPPORTING FAMILY BUSINESS ORGANIZATIONS



Family Business



SUPPORTING FAMILY BUSINESS ORGANIZATIONS



Preparing people to lead extraordinary lives

ASSOCIATION MEMBERS



FAMILY BUSINESS OVERVIEW

“DOES YOUR FAMILY
OWN/MANAGE AN
OPERATING FAMILY
BUSINESS?”

NO: 6.5%

MINORITY OWNER: 6%

MANAGER, NON-OWNER: 2%

85.5%

SOLE OR
MAJORITY
OWNERS

YES: 59.5%

SOLE OWNER

YES: 26%

MAJORITY
OWNER

“WHAT IS YOUR PRIMARY ROLE IN THE FAMILY BUSINESS?”

CEO/PRESIDENT 68.5%

VP/C-SUITE EXECUTIVE 15%

BOARD CHAIRMAN 5%

**BOARD DIRECTOR
2.7%**

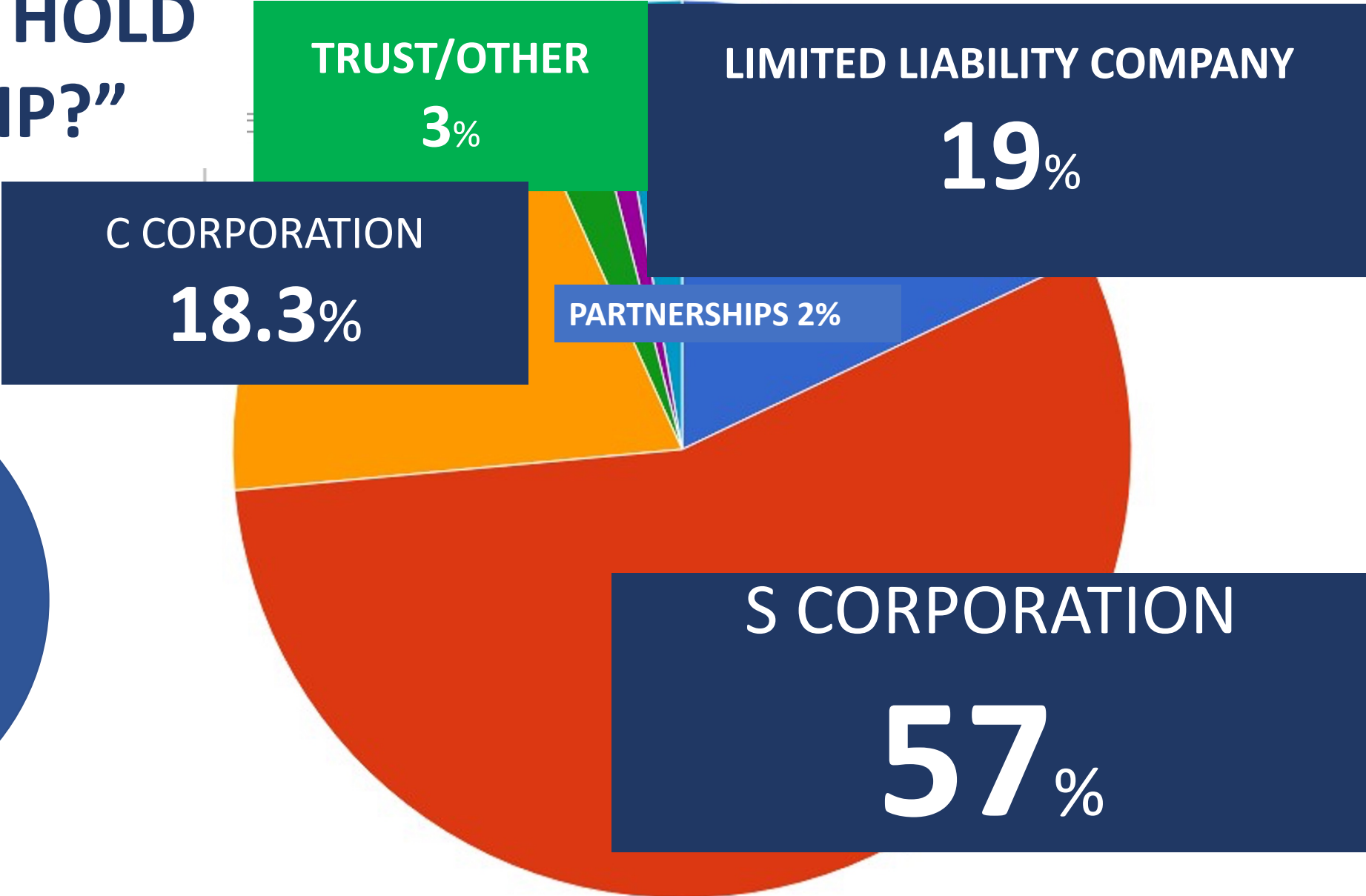
**RETIRED 2.6%/
OTHER 6.5%**

91%

**CEO/PRESIDENT
OR SENIOR
MANAGEMENT**

“HOW DO YOU HOLD THE OWNERSHIP?”

78%
Are
“PASS THROUGH ENTITIES”

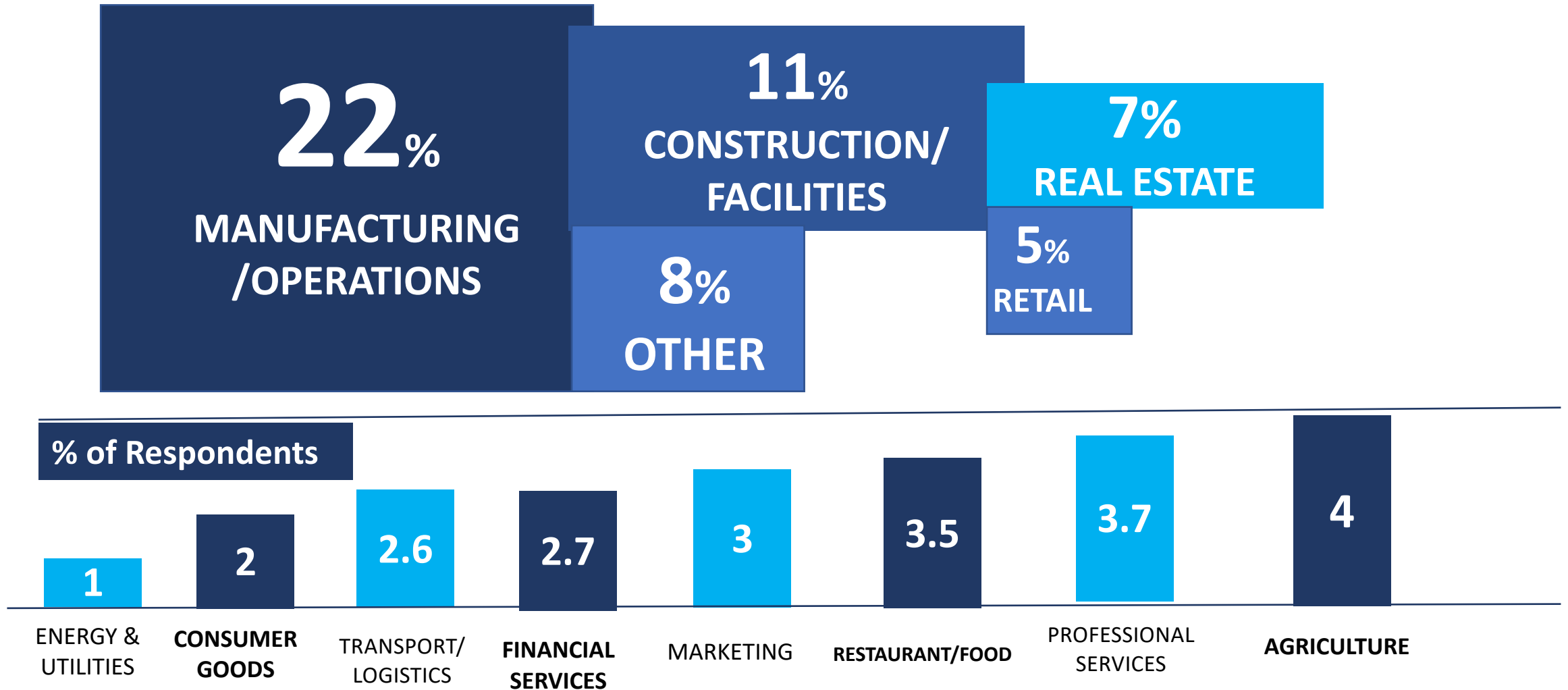


**“DO YOU USE
TRUSTS
FOR PLANNING
PURPOSES?”**

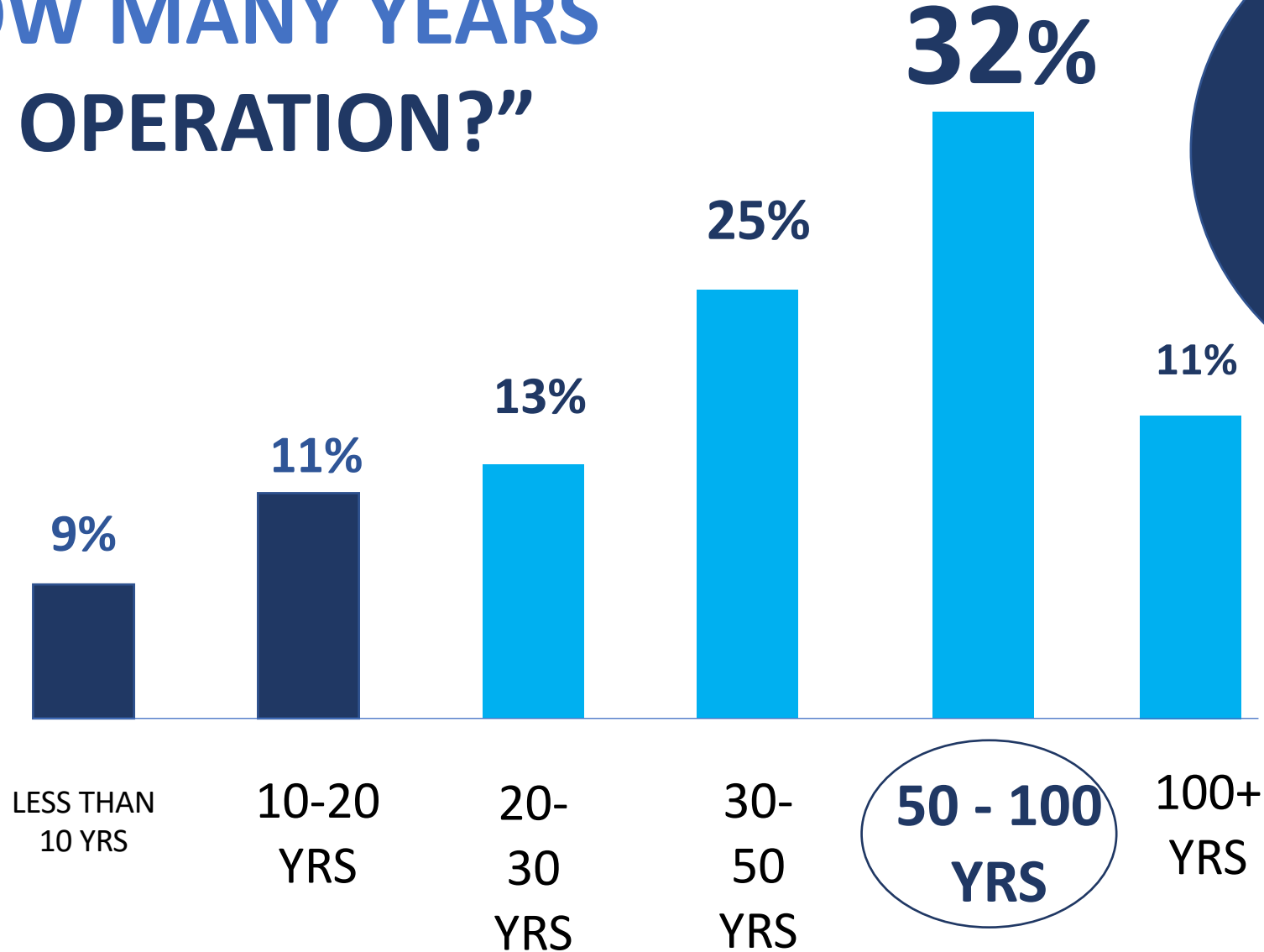
YES 75%

NO 25%

“YOUR PRINCIPAL INDUSTRY?”

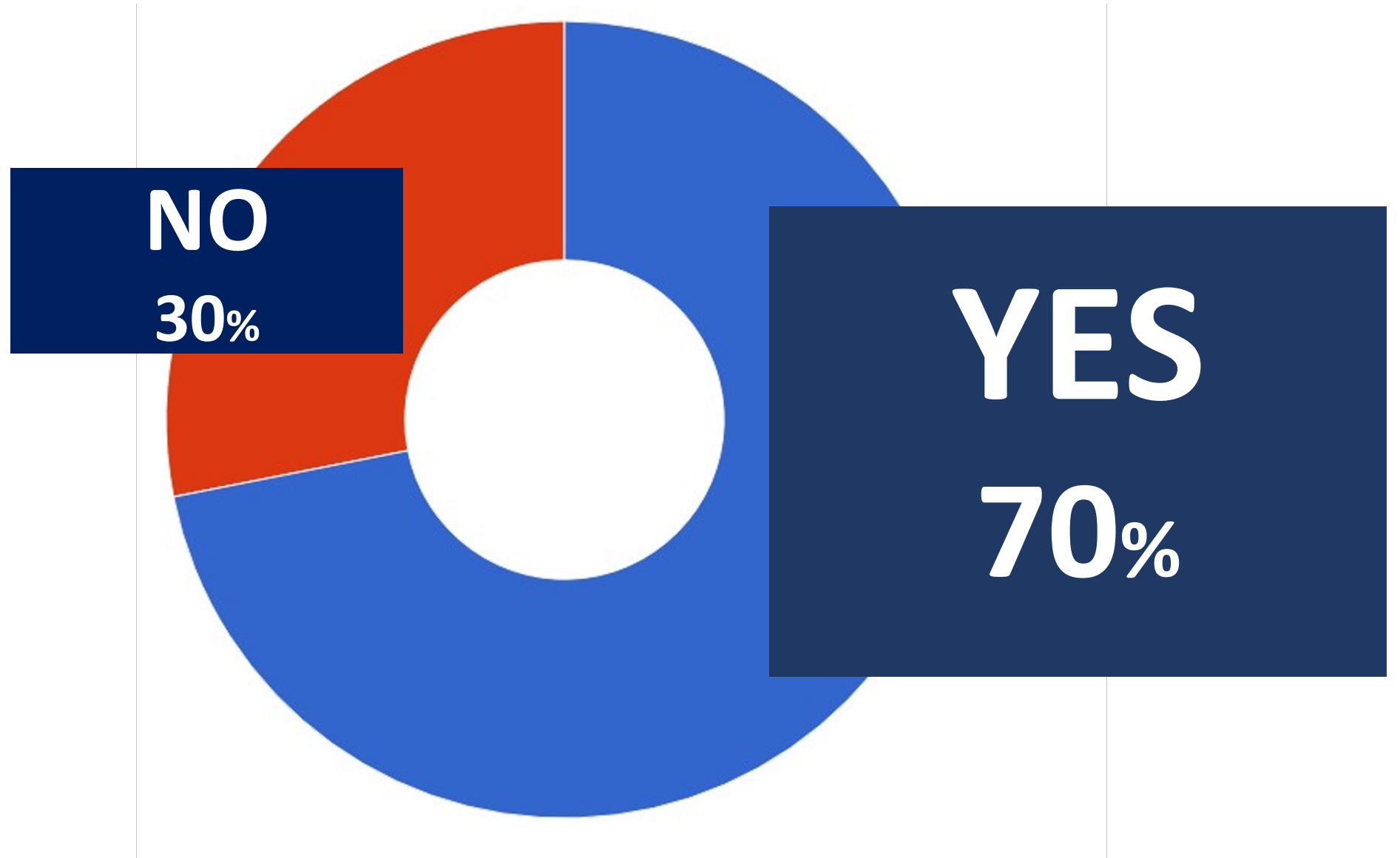


“HOW MANY YEARS IN OPERATION?”



81%
**20 YEARS
OR MORE**

“DO YOU HAVE GENERATIONAL EMPLOYEES?”



OF ALL CONTRIBUTIONS...

**WHAT PERCENTAGE
GOES TO
LOCAL CHARITIES OR
LOCAL CHAPTER OF
NATIONAL CHARITY?**

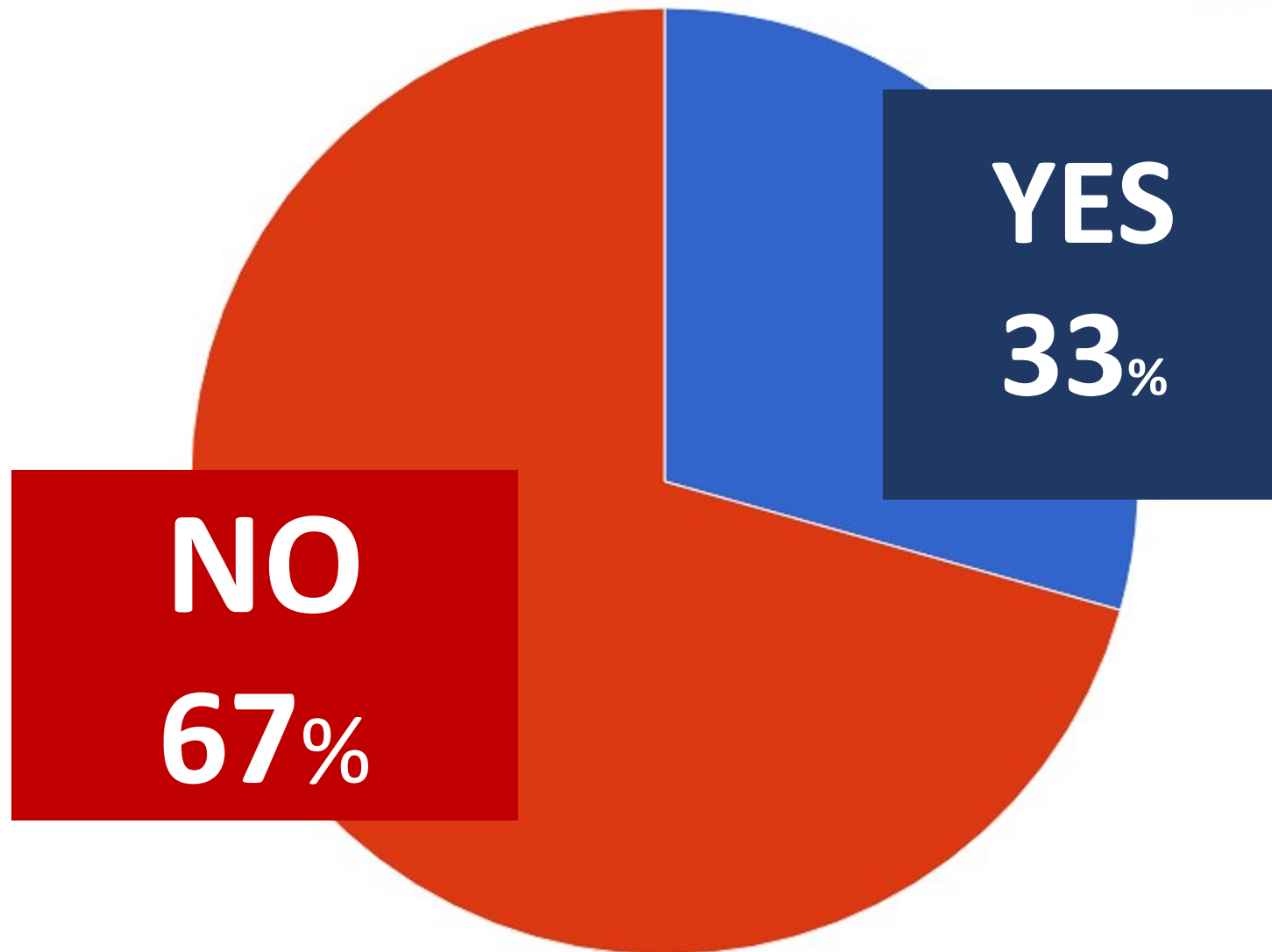
50%

**Local
Charities/Chapter**

49%

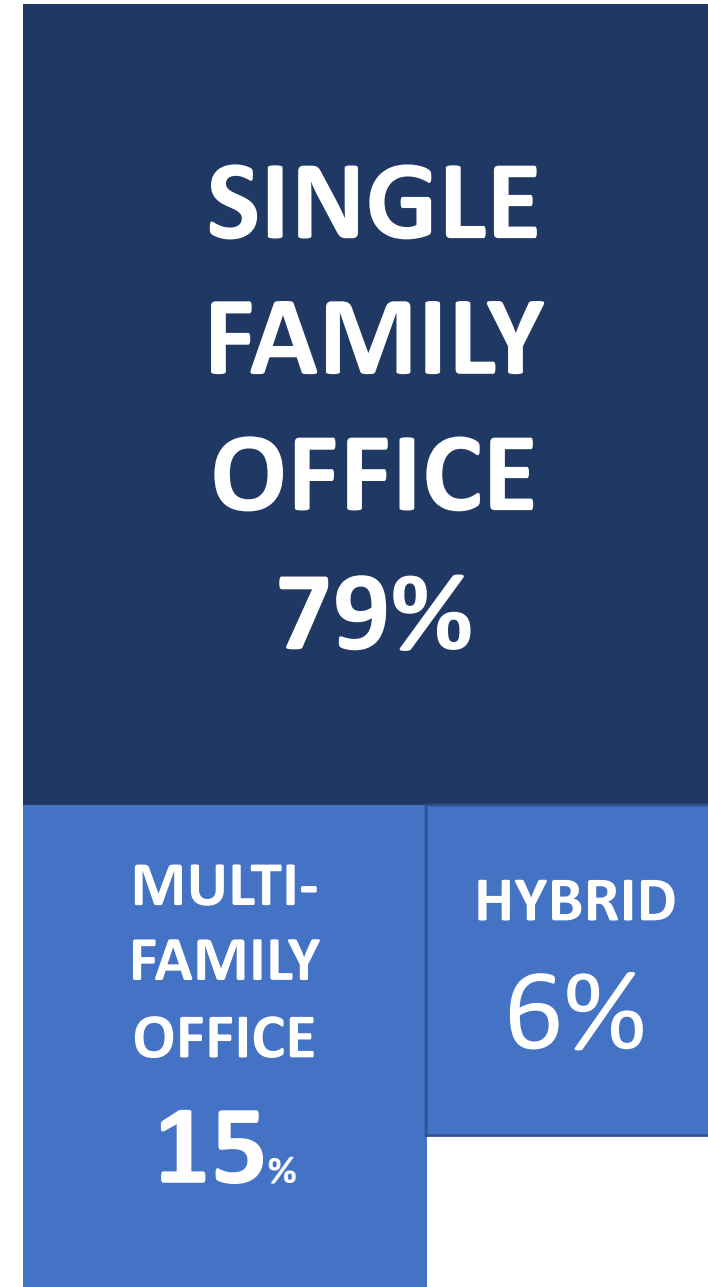
**National
Charities**

“DO YOU HAVE A FAMILY OFFICE?”

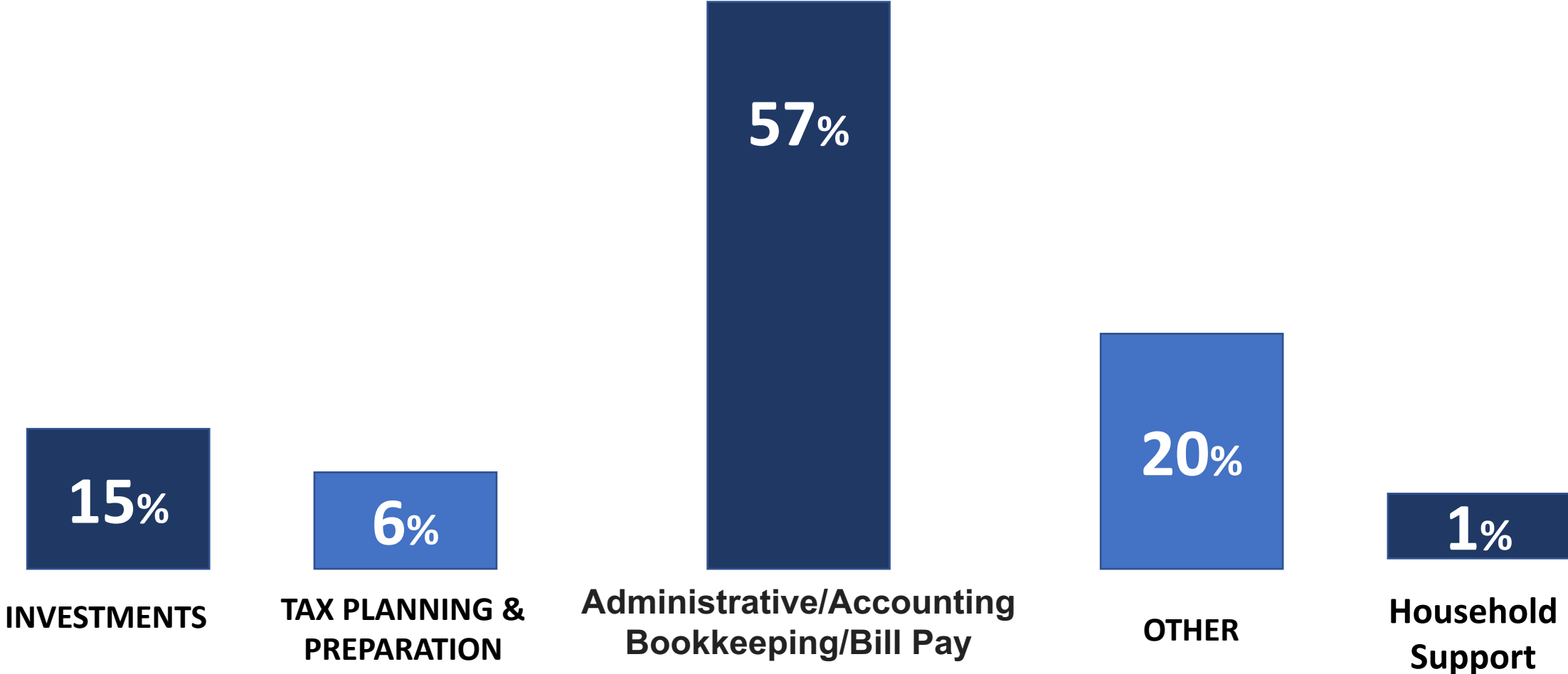


**“DO YOU HAVE A
FAMILY OFFICE?”**

“IF YES, IS IT A...”

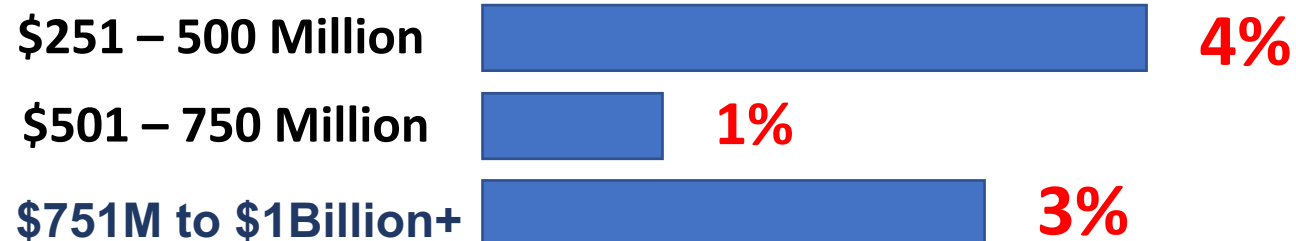
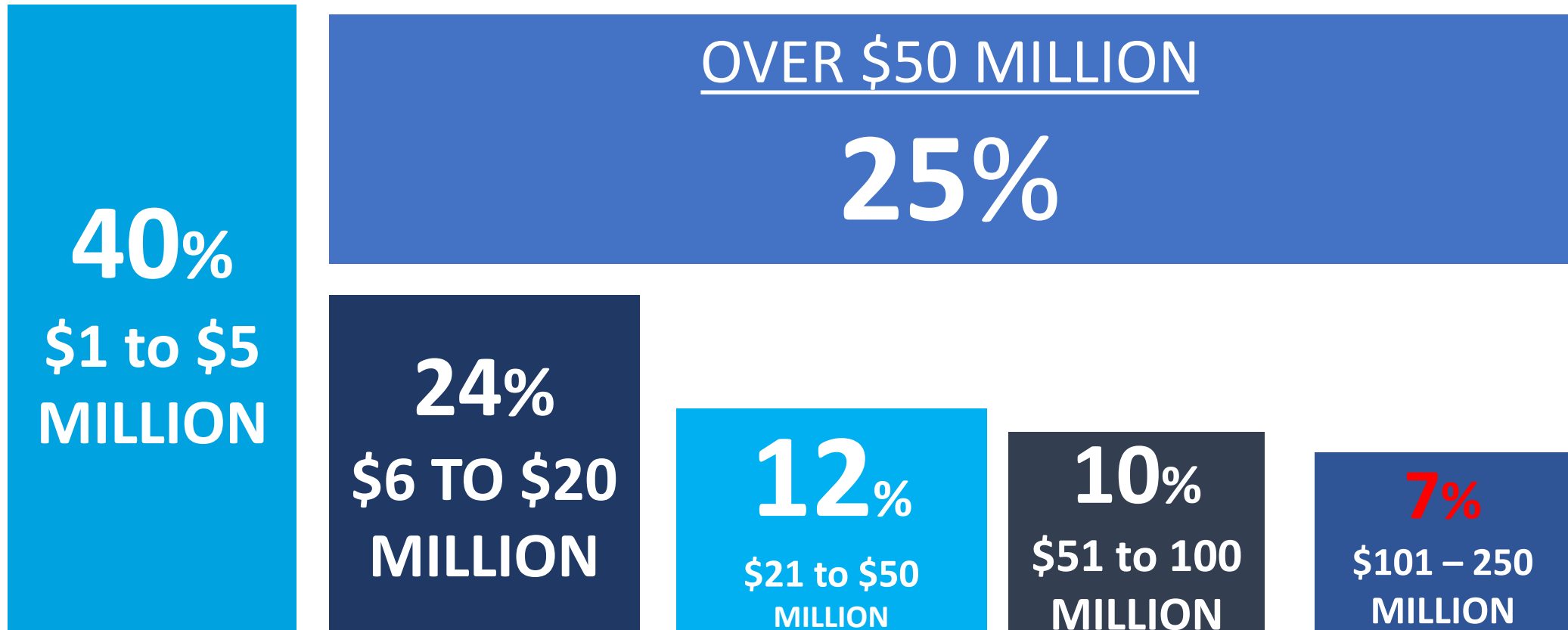


“What is the Major Function Your Family Office Performs?”

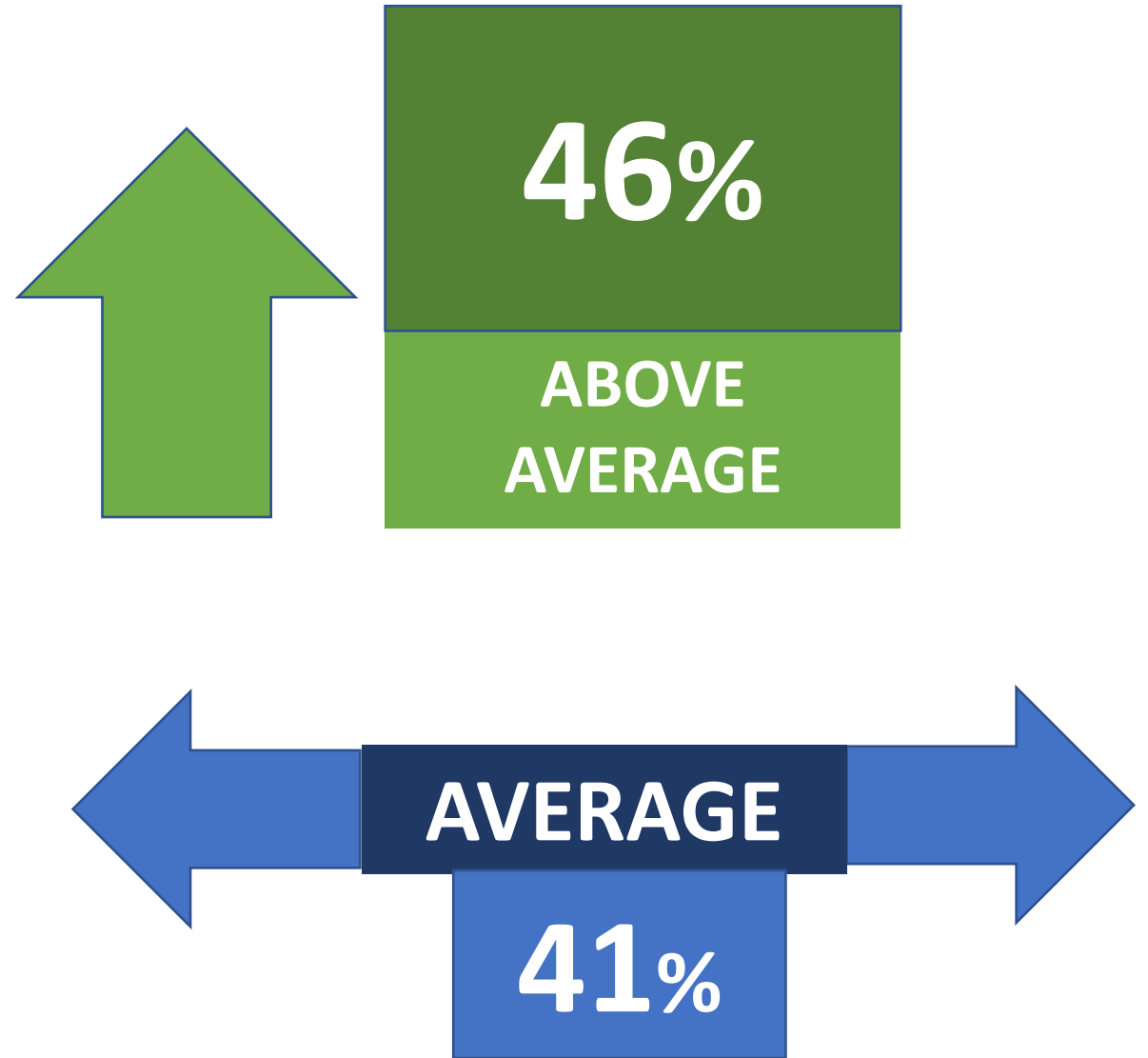


ECONOMIC OVERVIEW

“WHAT WERE GROSS US REVENUES IN 2023?”

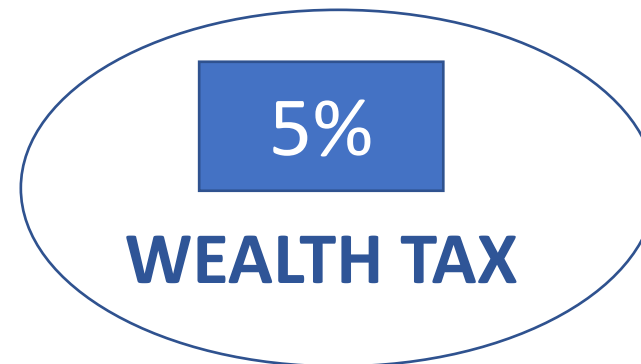
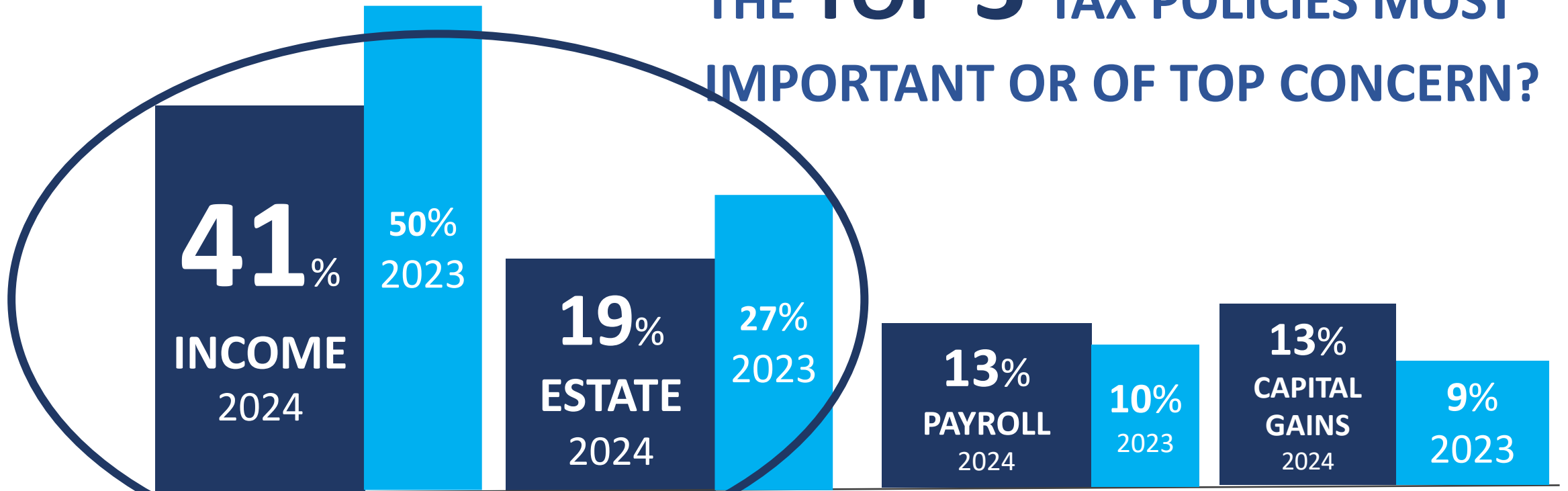


“HOW WOULD YOU MEASURE
SALARY AND BENEFITS
YOU PAY
YOUR EMPLOYEES AS
COMPARED TO YOUR NON-
FAMILY COMPETITION?”



POLICY OVERVIEW

THE TOP 3 TAX POLICIES MOST IMPORTANT OR OF TOP CONCERN?



2023

TOP ECONOMIC PUBLIC POLICY PRIORITIES?

REDUCE INCOME TAXES

19%

REDUCE/ELIMINATE ESTATE TAXES

18%

SIMPLIFY TAX CODE

17%

REDUCE FEDERAL BUDGET/DEBT

16%

REDUCE REGULATIONS

14%

FEDERAL TRADE/INFLATION POLICIES

11%

REDUCE CAPITAL GAINS TAX

5%

2024

TOP ECONOMIC PUBLIC POLICY PRIORITIES?

REDUCE FEDERAL BUDGET/DEBT

30%

REDUCE INCOME TAXES

23%

REDUCE REGULATION

16%

REDUCE/ELIMINATE ESTATE TAXES

13%

REDUCE CAPITAL GAINS TAX

6%

PREVENT WEALTH TAX

6%

R&D EXPENSING

4%

Eliminate Like Kind Exchanges

2%

“IF YOU PAID LESS IN TAXES, WOULD YOU...?”

“Invest More In My Business...”

52%

“Pay My Employees More...”

30%

“Make Distributions to Owners...”

8%

“Contribute More to My Community...”

7%

“I’d Do Nothing...”

2%

New Development

Congressional Family Business Caucus



Congressional Family Business Caucus

GOALS & STRUCTURE

- No specific legislative agenda
- Bipartisan & bicameral
- The Caucus is open to all members of Congress

ACTIVITIES

- Host fly-in events and seminars
- Promote internships & educational opportunities
- Establish Family Business Advisory Councils

FUNDING

- Events/educational programs may be hosted by third parties like FEUSA
- All activities will comply with House & Senate ethics rules

Congressional Family Business Caucus

HOUSE

Rep. Jodey Arrington (R-TX)



Rep. Brad Schneider (D-IL)



Rep. Claudia Tenney (R-NY)



Rep. Henry Cuellar (D-TX)



SENATE

Sen. Susan Collins (R-ME)



CO-CHAIRS

Congressional Family Business Caucus

44 HOUSE Members

MEMBERS

Rep. Robert Aderholt (R-AL)

Rep. Don Bacon (R-NE)

Rep. Stephanie Bice (R-OK)

Rep. Julia Brownley (D-CA)

Rep. Ken Calvert (R-CA)

Rep. Salud Carbajal (D-CA)

Rep. Lou Correa (D-CA)

Rep. Angie Craig (D-MN)

Rep. Jason Crow (D-CO)

Rep. John Duarte (R-CA)

Rep. Randy Feenstra (R-IA)

Rep. Drew Ferguson (R-GA)

Rep. Michelle Fischbach (R-MN)

Rep. Mike Flood (R-NE)

Rep. Russell Fry (R-SC)

Rep. Jared Golden (D-ME)

Rep. Josh Gottheimer (D-NJ)

Rep. Josh Harder (D-CA)

Rep. French Hill (R-AR)

Rep. Ashley Hinson (R-IA)

Rep. Eleanor Holmes Norton (D-DC)

Rep. Dusty Johnson (R-SD)

Rep. Mike Kelly (R-PA)

Rep. Nick Langworthy (R-NY)

Rep. Mike Levin (D-CA)

Rep. Nancy Mace (R-SC)

Rep. Carol Miller (R-WV)

Rep. Marc Molinaro (R-NY)

Rep. Joe Neguse (D-CO)

Rep. Bill Pascrell (D-NJ)

Rep. Stacey Plaskett (D-VI)

Rep. Guy Reschenthaler (R-PA)

Rep. Hillary Scholten (D-MI)

Rep. Terri Sewell (D-AL)

Rep. Brad Sherman (D-CA)

Rep. Lloyd Smucker (R-PA)

Rep. Pete Stauber (R-MN)

Rep. Glenn Thompson (R-PA)

Rep. David Valadao (R-CA)

Rep. Beth Van Duyne (R-TX)

Thus far we have spoken with nearly 100 Members of Congress who have expressed an interest in joining the Caucus and we are actively working with the co-chairs to increase membership.

Political and Tax Changes in 2025





Election Results Dictate Policy Changes



Legislation: Significant Changes Regardless of Results



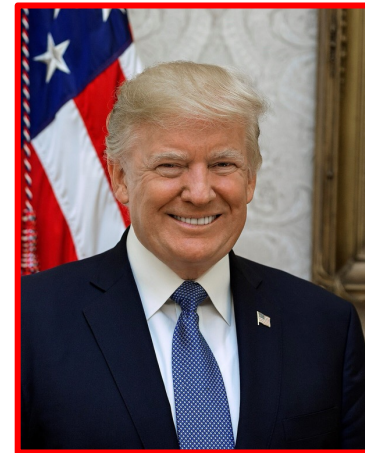
Wealth Tax Proposals Take Root



Enforcement: IRS Launches Focus on Successful Taxpayers

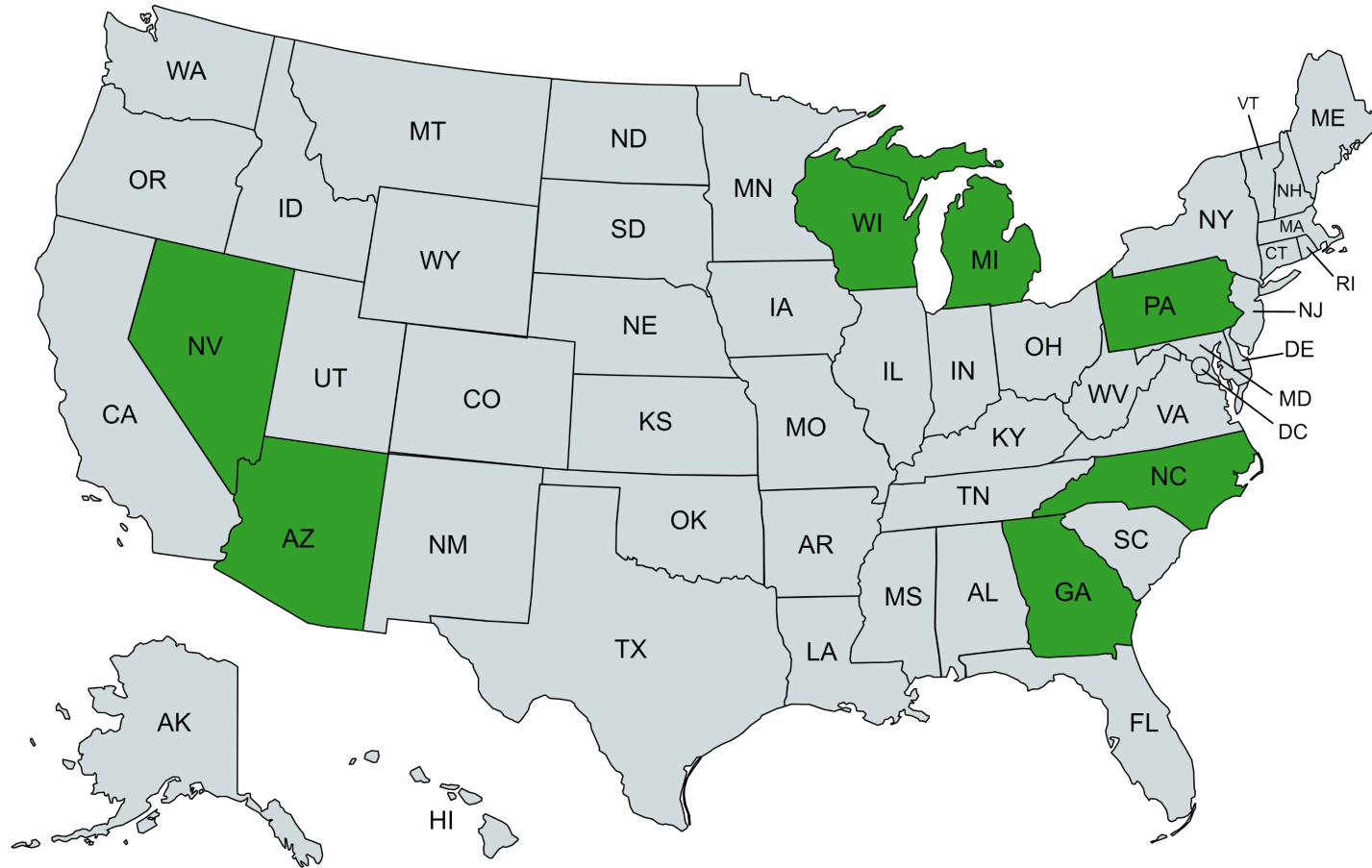
The Stage is Set For a Fierce and Close 2024 Election

Incumbent President **Joe Biden (D)**: Former President **Donald Trump (R)**:

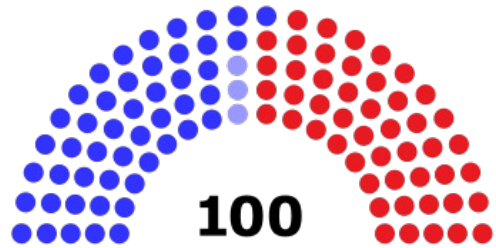


- Gallup Poll: President Biden faces low voter approval ratings, a record low for a president at this point in his re-election year. Many Americans suggest that he is too old to run for a second term.
 - Former President Trump heads into 2024 with a devoted and energetic base, but also faces strong opposition among many independents and some Republicans, especially if he is convicted of a crime.
- Polls show a close contest between Pres. Biden and former Pres. Trump in 2024.

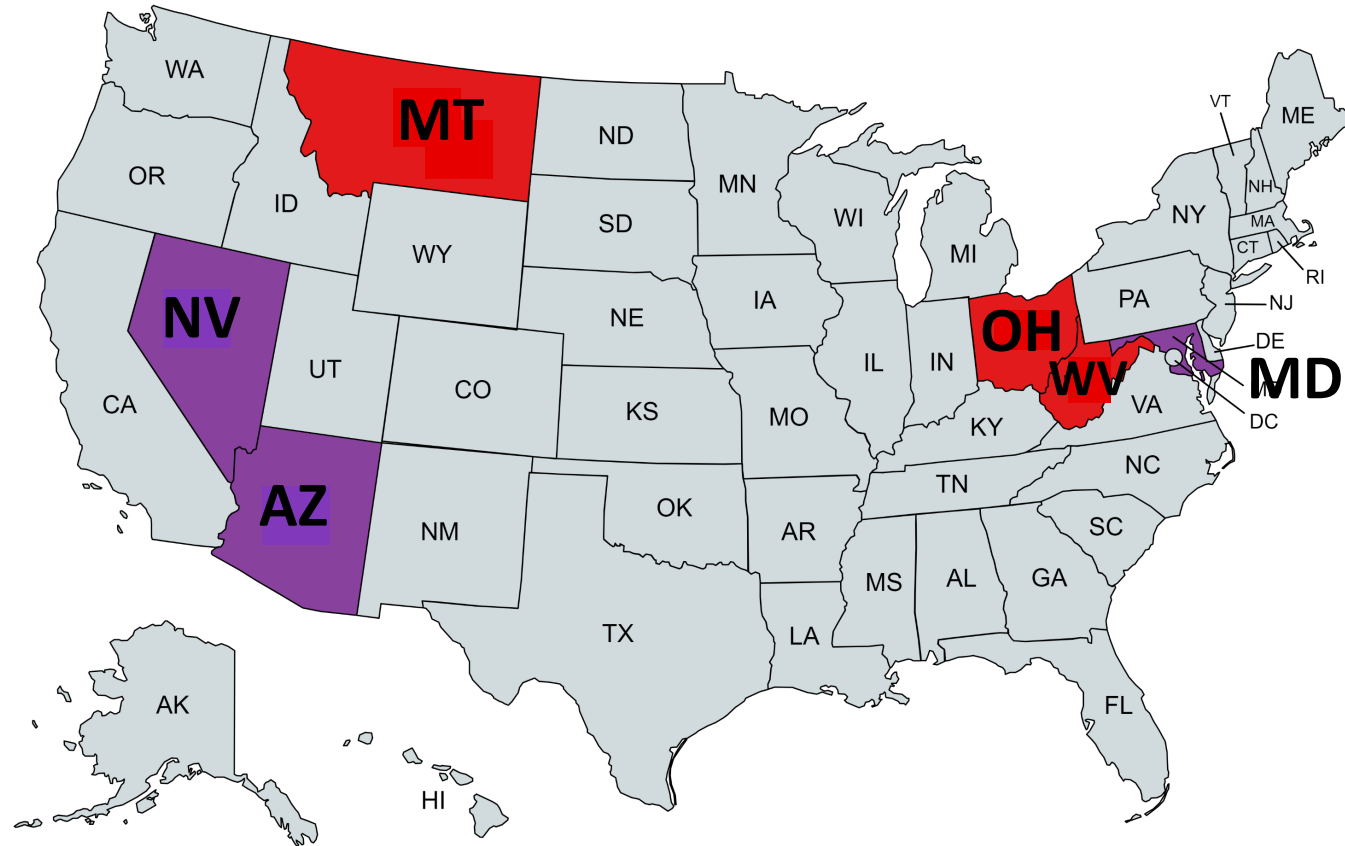
Seven States Will Decide the Next President



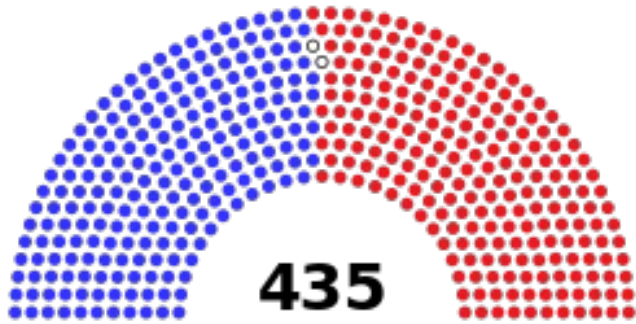
Republicans Likely to Take Control of Senate



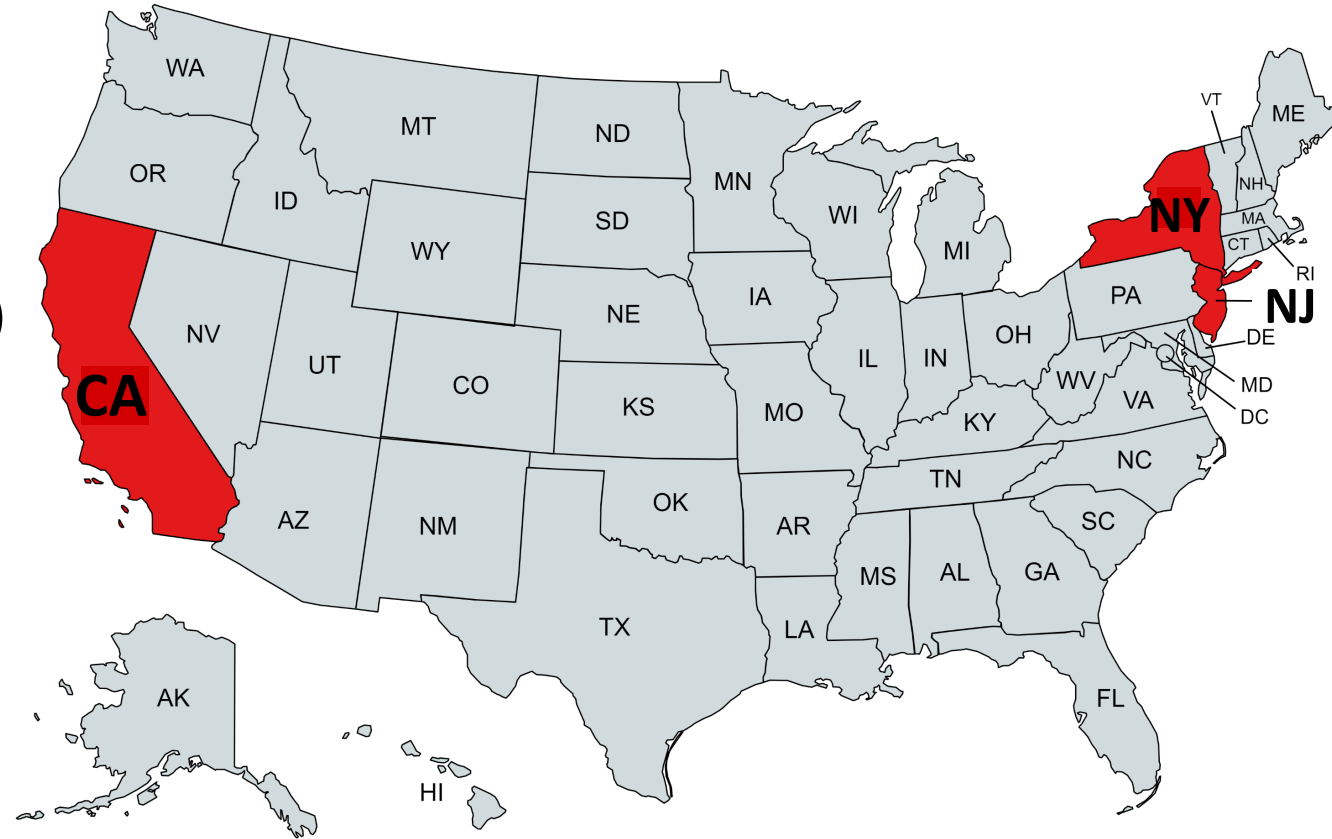
- **Current makeup: 51 D* – 49 R**
- Democrats currently hold seats in West Virginia, Montana, and Ohio, each of which Trump carried easily in the 2020 Election
- In addition, Democratic-held Senate seats in Maryland, Nevada and Arizona will be battleground states
- Democrats hope to make Missouri, Florida and Texas competitive



Democrats Likely to Retake the House

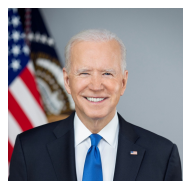


- **Current makeup: 219 R – 213 D (3 vacancies)**
- Republicans flipped the House in 2022 and must defend many of the seats they had flipped.
- Court orders to redraw district maps in a few southern states add another layer of uncertainty.

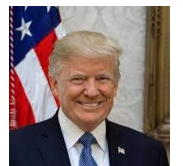


Possible Legislation Based on Elections Results

Historical Fact: Each New President Gets a Tax Bill in The First Year of Their Term



Reagan	1981	Economic Recovery Tax Act of 1981 Tax Reform Act of 1986	Aug. 1981 Oct. 1986
Bush	1989	No tax bill; no second term	
Clinton	1993	Omnibus Budget Reconciliation Act of 1993 Balanced Budget Act of 1997	Aug. 1993 Aug. 1997
Bush	2001	Economic Growth & Tax Reconciliation Act of 2001	June 2001
Obama	2009	American Recovery and Reinvestment Act of 2009 Affordable Care Act	Feb. 2009 Mar. 2010
Trump	2017	Tax Cuts and Jobs Act	Dec. 2017
Biden	2022	American Rescue Plan Act Inflation Reduction Act	Mar. 2021 Aug. 2022



Tax Legislation Set to Expire

TCJA Individual Provisions 2025

- Tax rates & brackets revert (39.6% comes back)
- Itemized deductions restored
- Increased child tax credit expires
- No SALT limitation
- AMT returns to lower limits
- Estate-tax exemption reverts to lower level

TCJA Business Provisions

- 20% section 199A deduction expires (2025)
- R&D expenses spread over 5 years (2022)
- Tight limit on deductibility of business interest (2022)
- End of bonus depreciation (2026)

Congressional Budget Office: Extending the TCJA for all Provisions will Cost \$4 Trillion over 10 Years

- Congressional scorekeepers estimated in May that extending the TCJA tax cuts (and increases) for individuals will **reduce federal revenues by \$3.4 trillion**
- Some Republicans are calling for no new legislation that increases the deficit. The Fiscal Responsibility Act of 2023 reduced the federal deficit. The Wyden-Smith small tax extender bill was fully paid for
- Most Republicans support spending reductions in addition to terminating or modifying tax incentives

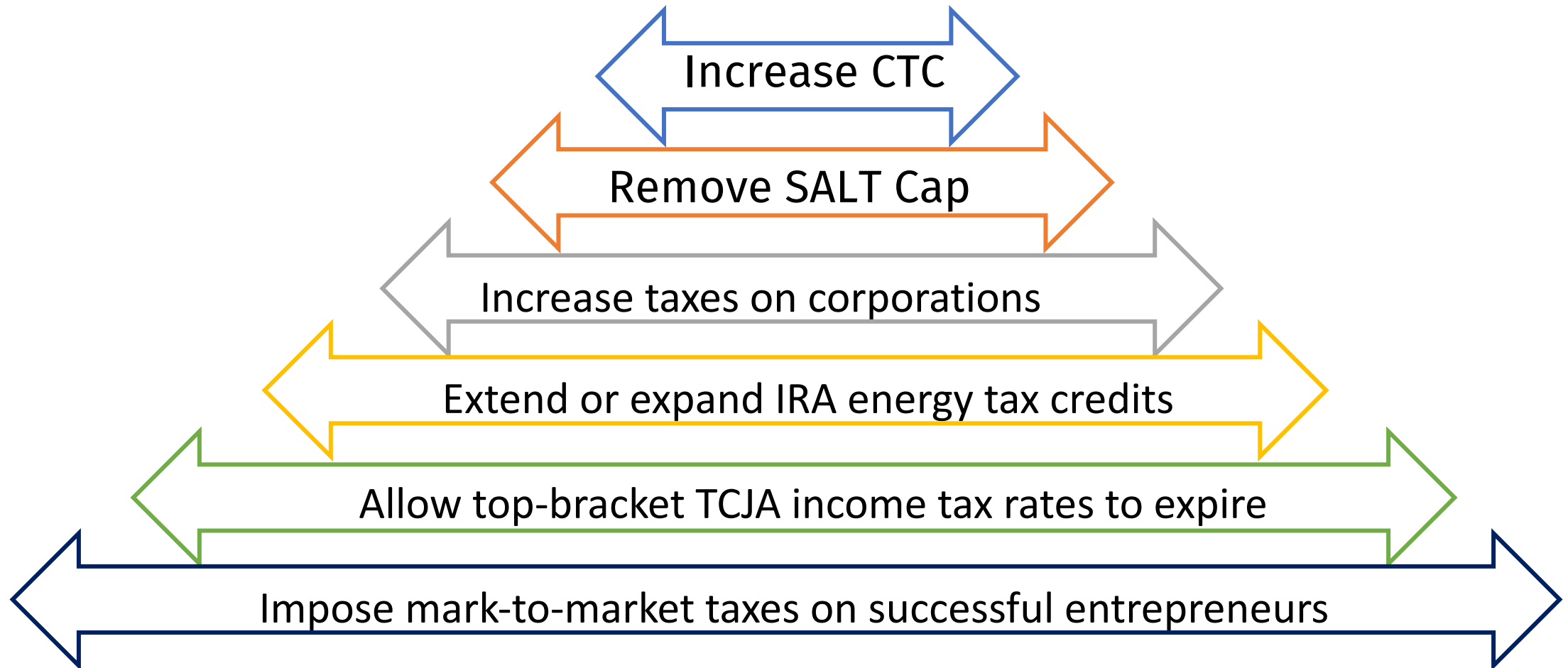


Here's What Tax Reform Looks Like if Republicans Sweep

- Make permanent or extend TCJA provisions
 - Section 199A deduction for passthroughs
 - \$13 million estate tax exemption
 - Lower individual and possibly CG rates
- Maintain the 21% corporate tax rate
- Reexamine the Democrats' corporate alternative minimum tax
- Repeal much of the Democrats' IRA
- Scale back IRS enforcement
- New revenue raisers??

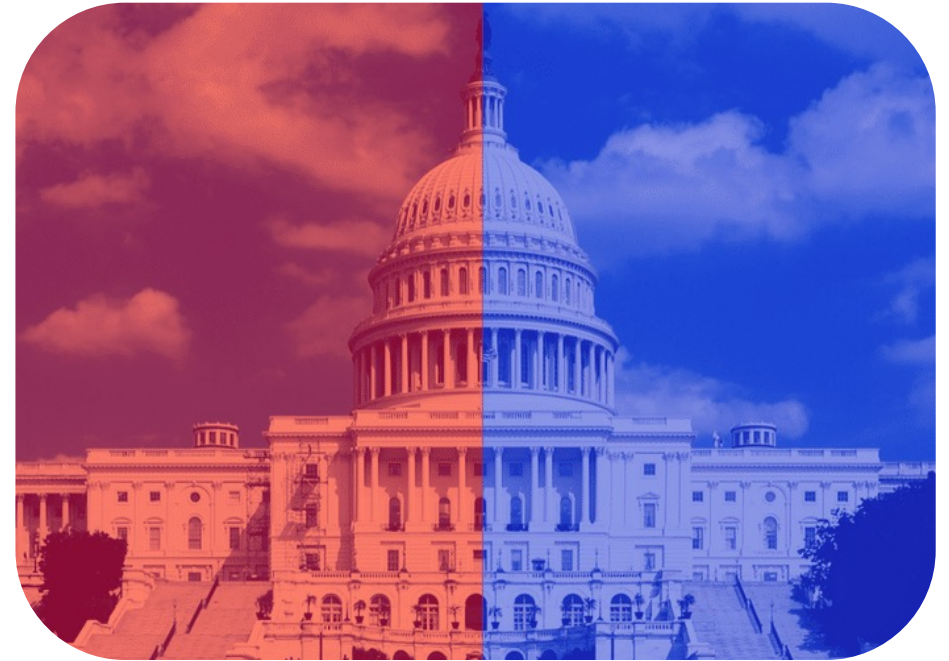


Here's What Tax Reform Looks Like if Democrats Sweep



Here's What Tax Reform Looks Like in a Divided Government

- Extend TCJA middle class tax cuts.
- Reduce tax incentives for foreign-derived income.
- Promote domestic research and manufacturing.
- Reduce incentives for foreign investment in the U.S., especially from China.
- Find large revenue raisers on unsympathetic groups



Taxing the “Wealthy”

Democrats Fire Up Investigations of Successful Entrepreneurs

- **Targets** include large multi-national corporations and **wealthy individuals**
- **Senate Democrats can use subpoenas**, hearings, and bill introductions to try to light a fire under some of these targets



Sheldon Whitehouse
(R-RI)

Recent Finance and Budget Committee Hearings

Senate Committee on the Budget

“Fairness and Fiscal Responsibility: Cracking Down on Wealthy Tax Cheats”

Senate Committee on Finance

“Examining How the Tax Code Affects High-Income Individuals and Tax Planning Strategies”



Ron Wyden
(D-OR)

Senate Democrats' New Tax Proposals

- Tax on Unrealized Gains for Millionaires
- Grantor Retained Annuity Trust Legislation
- Changes in Private Placement Insurance Taxation
- Limitations on Tax-Free Borrowing Against Personal Assets
- Limitations on Retirement Account Holdings



The Billionaires' Income Tax Act



“America’s tax code is riddled with loopholes that allow the ultra-wealthy to get away without paying their fair share, while working families have to play by a different set of rules and pay taxes out of each paycheck.”

- Senate Finance Committee Chairman **Ron Wyden, D-Ore.**, introduces the Billionaires Income Tax Act, seeking to tax high income and high net worth taxpayers on unrealized gains.
- Proposed changes:
 - **“Buy, Borrow, Die” is unacceptable** to Wyden without a tax;
 - **Tradable assets will be marked to market yearly;**
 - Non-tradable assets would be assessed a “deferral recapture amount” (i.e., interest on tax deferred);
 - Transfers of gifts or bequests will trigger gain/loss recognition.

Tax Increases in Biden's Budget

Increase individual tax rates

\$1.85 trillion

Increase estate & gift taxes

\$100 billion

Other individual tax increases

\$60 billion

Corporate tax increases

\$3 trillion

Total

\$5 trillion



One Thing Is Certain: The IRS IS Dramatically Increasing Audits



- \$45 billion of the \$80 billion given to the IRS in the IRA legislation is dedicated to enforcement.
- Janet Yellen pronounced that **none of the new money will be used to audit taxpayers with less than \$400K in income.**
- **The IRS plans to add more attention on the wealthy, partnerships and other high earners.**
- Changes will be driven with the help of improved technology and AI.

From IRS Commissioner; Feb 5, 2024

- “A key area of focus is on millionaires and billionaires who evade taxes. These efforts are concentrated among taxpayers with more than \$1 million in income and more than \$250,000 in recognized tax debt. Over the past year, the total we’ve **recovered** through these new initiatives is **\$520 million**, and that’s just the beginning”.

Tax Policy 2024 and 2025

House Passes Tax Relief for American Families and Workers Act of 2024, 357-70

Provisions of Bill

Restorations of Core Tax Cuts and Jobs Act Business Provisions:

- **100% bonus depreciation**
- **Deductibility of business interest**
- **Expensing of domestic R&D**

Child Tax Credit (CTC) Expansion:

- Increase in refundable per-child credit amount for low income earner
- Indexes CTC to inflation

Other Components:

- Increase in 1099-MISC / 1099-NEC reporting threshold to \$1,000
- Increase low-income housing tax credit
- Taiwan relief from double-tax

Tax Legislation to Expire in 2025

TCJA Individual Provisions:

- Tax rates & brackets revert (39.6% comes back)
- Itemized deductions restored
- Increased child tax credit expires
- No SALT limitation
- Estate-tax exemption reverts to lower level

Simple
Extension?

Additional
Reforms?

TCJA Business Provisions:

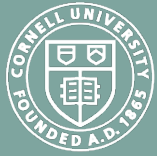
- 20% section 199A deduction expires
- R&D expenses spread over 5 years again
- Deductibility of business interest
- End of bonus depreciation

International Reforms?

Unknown
Unknowns?

Stats on “Next Gen”

Various Surveys and Polls



Cornell
SC Johnson College of Business

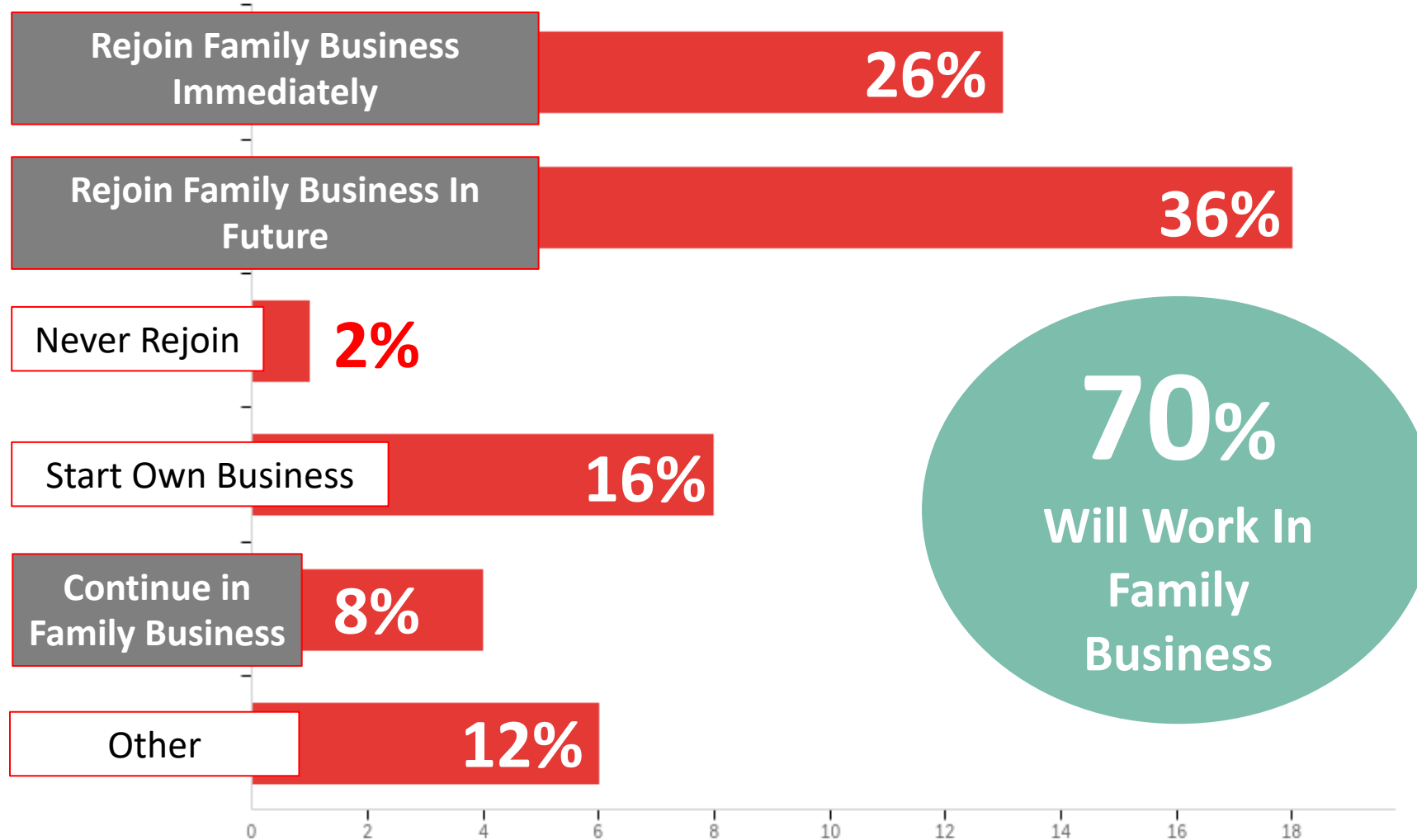
2024 Family Business
“Next Gen” Survey

The Roberts Group

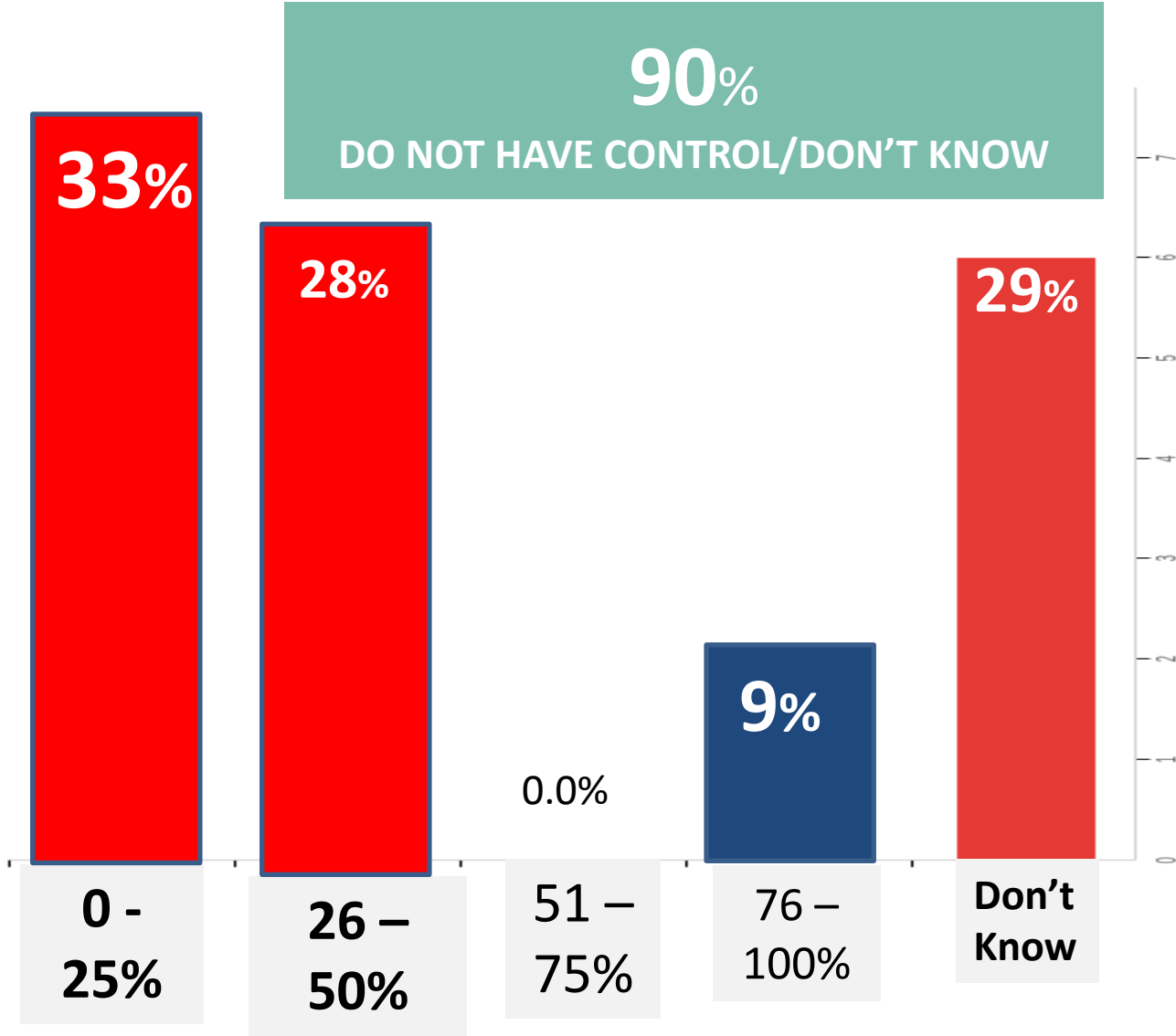
 **Family Enterprise USA**
Research Advocacy Legacy

**Advocating for
Family Business**

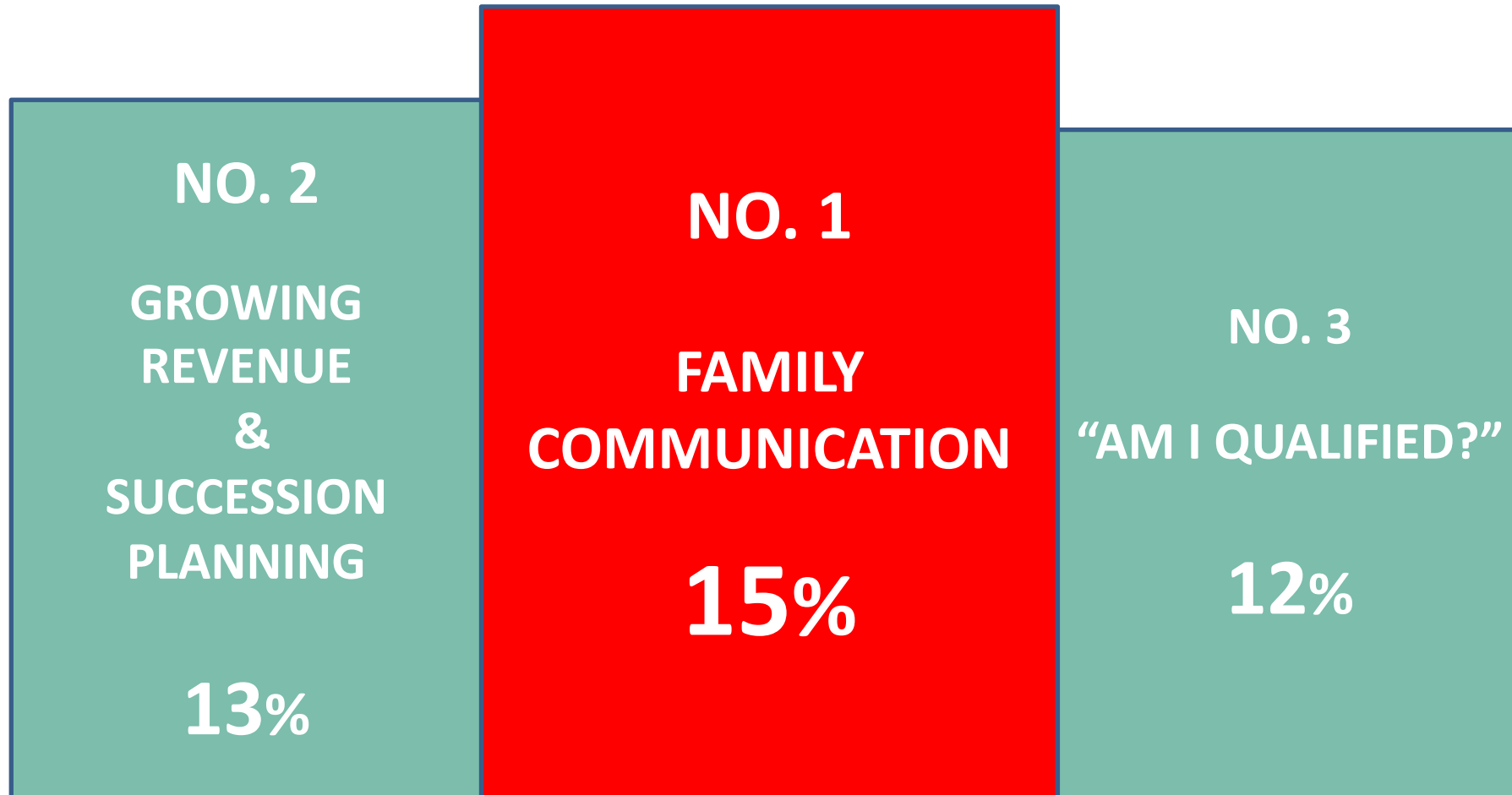
“Upon graduation, do you **expect to...**?”



“What **percentage ownership** do you have in the family business?”

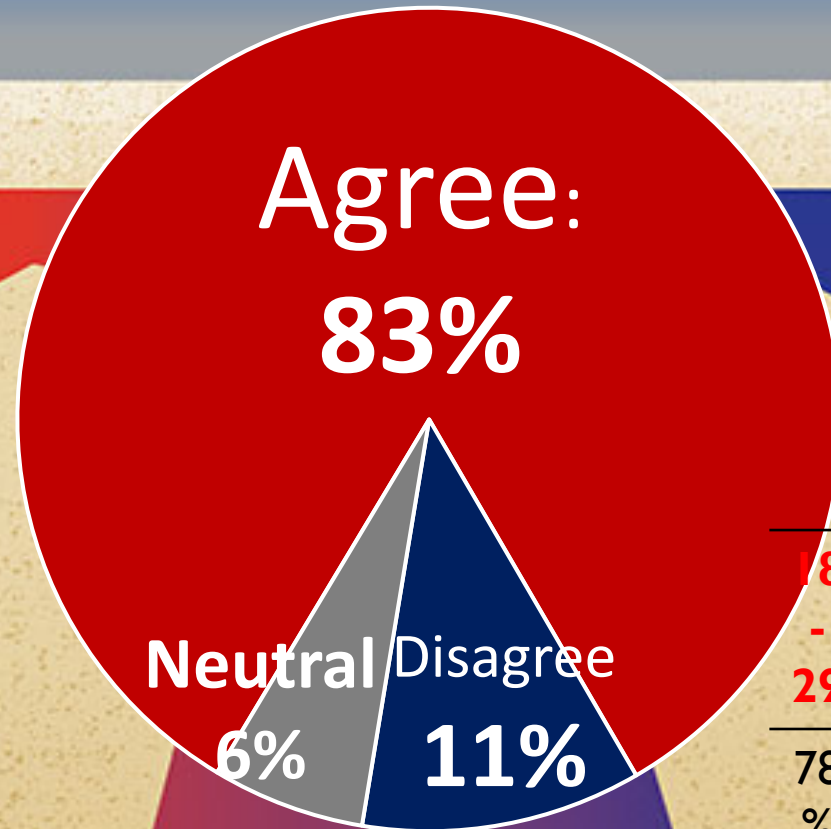


“What are the **TOP 3 biggest concerns** you have as they relate to your family's business?”



More divided than ever.

“As a country, we are more divided than at any time in my lifetime.”



Agree

18	30-49	50-64	65+
-			
29			
78	77%	85%	92%
%			

The impact on the young is staggering

Have you or anyone you know feel they have been mentally or physically harmed in some way because of social media?

18-29	30-49	50-64	65+	
64%	43%	24%	16%	Yes (you + someone you know)
36%	57%	76%	84%	No



The impact of polarization: We're censoring ourselves.

47%

have NOT publicly shared an opinion because they were afraid of being punished in some way. **38%** say this has happened multiple times.

Younger Americans (69%) are more than **TWICE** as likely as older Americans (29%) to censor themselves in this way.



Our national division impacts our personal relationships.

34%

stopped talking to someone permanently because of political disagreement. **17% say they stopped talking to more than one person.**

Younger Americans (42%) are **much more likely** to cut ties
with someone because of divisions than older Americans (27%)



Luntz Focus Group; 18–29-year-olds

The Key Findings

- A. Young people think **the inequality that exists in America justifies economic redistribution and government directly engaging in the economy in a more aggressive fashion.**
- B. The intensity is anti-capitalism rather than pro-Socialism. **Young people resent and reject the current system much more than they embrace and support Socialism.**
- C. Some of the commentary is purely performative. The pro-capitalism people are more fact-based in their approach. The pro-Socialism students are much more emotional.

Capitalism VS Socialism; 18–20-year-olds

- “Socialism, because capitalism is inherently unequal and pins everyone against each other.”
- “I'd say socialism because American capitalism has resulted in modern-day aristocracy in the form of billionaires, and I think that's immoral.”
- “Socialism. Because I think capitalism inherently places power or concentrates power in corporations and companies that don't have the incentive of the average person in mind.”
- “I prefer socialism. I think that capitalism is not inherently bad, but in our country where people don't start with the same resources, succeeding in a capitalistic economy is becoming increasingly more difficult as our wealth gap quickens.”

THANK YOU!

QUESTIONS?

www.FAMILYENTERPRISEUSA.COM

jgugliada@family-enterpriseusa.com

www.POLICYANDTAXATIONGROUP.COM

jmarino@policyandtaxationgroup.com