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CONGRESS PASSES DEATH TAX REPEAL, PRESIDENT TO SIGN INTO LAW

N.G.A. Applauds Move That Will Benefit Members

RESTON, Virginia (May 29, 2001) – The National Grocers Association (N.G.A.) praised Congress for passing the \$1.35 trillion tax reduction bill, which includes the elimination of the estate tax on January 1, 2010. The bill was sent to President Bush, who has pledged to sign it into law. The repeal of the “death tax” was one of N.G.A.’s key government relations objectives, and the association will now turn its attention to ensuring that members continue to reap the benefits of the new law.

“This action reflects an important victory for family-owned grocers and other businesses. For almost a decade, these companies have been working to repeal this unfair tax that takes capital from the business when it is needed the most. President Bush is to be commended for his leadership and remaining committed to his tax plan. Bipartisan support in Congress can only be attributed to the great grassroots efforts of retail and wholesale grocers, state associations, and other family owned businesses throughout the nation,” N.G.A. President Tom Zaucha said. “Family-owned supermarket companies will now have a greater incentive to invest and grow the business.”

N.G.A. Senior Vice President and General Counsel Tom Wenning said, “Passage of the President’s and Congress’ tax bill is a great example of coordinated coalition efforts. N.G.A., as a member of both the Family Business Estate Tax Coalition and the Tax Relief Coalition, worked consistently with other member associations on grassroots efforts to gain support for final passage.”

The bill, passed by the House of Representatives and the Senate, calls for an increase in the exemption from estate taxes from the current \$675,000 to \$1million in 2002 and 2003, \$1.5 million in 2004 and 2005, \$2 million in 2006, 2007 and 2008, and \$3.5 million in 2009. Under current law, the exemption was scheduled to reach a maximum of \$1 million in 2006. The highest rates are also lowered from the present 55% to 50% in 2002, reduced one percent each of the next five years to 45% in 2007 and stays at that rate until total repeal in 2010.

N.G.A. is the national trade association representing the retail and wholesale grocers that comprise the independent sector of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating in a variety of formats. Some are publicly traded but with controlling shares held by the family. Wholesale distributors service most independent operators, while others may be partially or fully self-distributing. Independents are the true “entrepreneurs” of the grocery industry and dedicated to their customers, associates, and communities. N.G.A. members include retail and wholesale grocers and their state associations, as well as manufacturers and service suppliers.