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July 6, 2004

**N.G.A. Commends President Bush's Views on Small Business and the Economy;
Renews Call to Permanently Repeal the Death Tax**

WASHINGTON - President Bush understands clearly the threat posed to family-owned businesses by the death tax, as well as the economic benefits the country would gain by providing small businesses greater incentives to grow their companies, said Thomas K. Zaucha, President & CEO of the National Grocers Association (N.G.A.), following the President's remarks this morning on the economy.

“Community-focused retailers and wholesalers know only too well that the death tax penalizes those who work hard to save and invest. The death tax also requires family-owned businesses to shoulder unnecessary expenses to develop tax planning strategies as well as to invest in expensive insurance to cover tax liability,” said Zaucha, who was among those small business leaders who were invited to attend the President's address in the East Room of the White House on Friday, July 2. “It is most encouraging that

President Bush has once again made a strong case for permanent repeal of the death tax. He understands that healthy small businesses create the lion's share of new jobs in America.” President Bush also touched on a number of encouraging economic themes in his speech today, Zaucha said, including the need for a consistent tax policy that does not penalize small business, as well as the need for tort reform and medical liability reform. The presidential address was accompanied by the announcement of employment figures which showed a gain of 112,000 jobs in June, for an overall increase of 1.5 million new jobs since last August.

“Family-owned business, it's got a nice ring to it, doesn't it, and it's got an American ring to it,” President Bush said in his remarks at the White House today. “There's a lot of family-owned businesses around our country. And one of the real difficulties for family-owned businesses is the fact that we tax a family's assets twice because of the death tax. It's important that Congress understand what the death tax does to capital formation and the ability for the small business sector to invest.”

President Bush urged the small business community to voice its support for death tax repeal to Congress, noting that under his 2001 tax relief plan the death tax is being phased down over ten years but will be eliminated entirely for only one year - in 2010. In 2011, the death tax is scheduled to return at its full pre-2001 rates.

“By making 'repeal' of the death tax temporary, Congress has further complicated an already overly complex tax code. If the death tax were permanently repealed, resources currently allocated to estate planning would be reinvested into businesses - creating job opportunities and providing a much-needed boost to the economy,” Zaucha said.

“We hope that, with President Bush's support, Congress will recognize that permanent repeal of the death tax a critical issue for the long-term viability of family-owned businesses to continue to provide a diverse marketplace for the benefit of American consumers,” Zaucha added. “Death taxes put family-owned businesses at a severe disadvantage when they compete with corporations that will never face the prospect of liquidating an ongoing enterprise in order to pay a tax with rates above 50 percent.”

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. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some are publicly traded but with controlling shares held by the family and others are employee owned. 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, state grocers associations, as well as manufacturers and service suppliers.