

Fair Trusts for Fiscal Responsibility Act

Senator Patty Murray and Senator Ron Wyden

Most Americans [never receive an inheritance](#), and for those who do, most will not owe any taxes. Only the wealthiest Americans—those with assets exceeding \$30 million for a married couple—are required to contribute a portion through taxes, and even then, only on amounts over that substantial exemption. [Fewer than 0.1% of Americans pay estate tax at all](#). These funds provide revenue that can be used for essential investments in our country, like schools or critical infrastructure. Yet, [many of the very wealthiest Americans](#) use special trusts to delay, minimize, and avoid paying their fair share. [Financial planners flaunt their ability to circumvent taxes and specifically advertise](#) these trusts, providing detailed [examples](#) to attract wealthy clients.

Although the exact amount of wealth held in these trusts is not publicly available, the evidence available suggests it is substantial. The Grantor Retained Annuity Trust (GRAT)—only one type of popular tax avoidance trust—is estimated to cost the federal government [more than \\$100 billion](#) between 2000-2013 in lost tax revenue. Furthermore, dozens of states have weakened or abolished the rule against perpetuities, allowing family wealth to grow tax free indefinitely in [dynasty trusts](#). Experts estimate that [hundreds of billions of dollars and potentially trillions of dollars](#) are held in generation-skipping transfer tax exempt trusts that are not subject to the rule against perpetuities.

Affluent Americans should not be able to avoid paying taxes by hiring exclusive wealth managers and lawyers. Congress has a [long](#) history of attempting to close the numerous individual loopholes exploited by the wealthy to avoid transfer taxes. In fact, the [GRAT was inadvertently created](#) by a Congressional attempt to close a different loophole. Congress needs a solution that goes beyond targeting individual loopholes—a solution that weakens transfer tax avoidance schemes across the board by requiring annual, upfront payment.

Fair Trusts for Fiscal Responsibility Act of 2026:

The Fair Trusts for Fiscal Responsibility Act of 2026 renders many loopholes and tax avoidance schemes ineffective by creating a new withholding system which only impacts the wealthiest Americans who are actively pursuing tax avoidance using trusts. Specifically, the legislation:

- Creates progressive annual withholding brackets starting on trust assets above \$50 million: 1% on assets between \$50 and \$100 million, 1.5% on assets between \$100 and \$250 million, 2% on assets between \$250 million and \$1 billion, and 3% on assets above \$1 billion.
- Ensures ultimate tax burden only changes for those actively avoiding transfer tax through full refundability of the withholding against estate tax liability.
- Supports fairness and limits burden by capping the aggregate withholding to not exceed estate tax liability.
- Imposes reporting requirements and penalties for failure to comply.
- Exempts charitable, ERISA-qualified employee-benefit, and other trusts not commonly used in estate planning.