

George Steinbrenner's Estate Escapes Taxation

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On July 13, 2010, George Steinbrenner passed away. Steinbrenner's estimated worth was approximately \$1.15 billion according to multiple media outlets. However, unlike Joe Robbie, the former owner of the Miami Dolphins, whose family had to sell the Dolphins to pay estate taxes, Yankee fans have nothing to worry about. Why? Because as of January 1, 2010, federal estate taxes have been repealed. Since there is no federal estate tax this year, Mr. Steinbrenner's estate will not be subject to a tax bill that in 2009 could have equaled approximately \$500 million (a 45% rate). Mr. Steinbrenner joins three other billionaires who have died this year during the temporary estate tax repeal. The largest estate is that of Texas energy mogul Dan Duncan, co-founder, chairman and majority shareholder of Enterprise Products. His estate was estimated at nearly \$10 billion, a potential tax bill of approximately \$4.5 billion. Another noted billionaire to die this year is Mary Janet Morse Cargill, whose family owns food and fertilizer conglomerate Cargill, who left behind an estimated estate of \$1.6 billion. Also, commercial real estate titan Walter Shorenstein died in June, with a net worth similar to Mr. Steinbrenner's. Although these billionaires likely engaged in significant estate planning, which would have reduced their ultimate tax bill, their passing has generated debate on the estate tax repeal and the cost to the government from repeal. Senators Jon Kyl (R-AZ) and Blanche Lincoln (D-AR) issued a press release on July 14, 2010 describing their estate tax proposal: a 35% rate; a \$5 million exemption phased in over ten years and indexed for inflation. USA Today ran opposing stories in July 19's edition debating whether there should be an estate tax at all – see [Our view on death and taxes: Loopy estate tax policy highlights D.C. dysfunction](#) and [Opposing view on death and taxes: End the 'death tax'](#). Now that the estate tax repeal is front and center, Congress may begin to take action. **A few more notes on repeal:** Remember, that during the repeal, there is only a limited step-up in basis for inherited assets; before repeal the basis of all inherited assets was stepped-up to date of death fair market value. While it is impossible to determine what Mr. Steinbrenner's basis in the Yankees was, he paid a mere \$10 million for a controlling interest in the team in 1973. Should the family choose to sell the team after Mr. Steinbrenner's death (which, I assume is unlikely to happen), there would be a significant capital gains tax that would be due. While this tax would no doubt be significant, it is far less than the estate taxes that would have been due had

he died in 2009 or 2011.