

104TH CONGRESS
2D SESSION

S. 2074

To repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 13, 1996

Mr. THURMOND introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Estate and Gift Taxes
5 Repeal Act of 1996”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The Federal estate and gift tax structure is
9 an unfair and inefficient revenue source. Such taxes
10 represent a multiple tax on earnings. After paying

1 income taxes, capital gains taxes, and property
2 taxes, lifetime savings are finally subjected to estate
3 taxes at rates that are generally higher than income
4 tax rates.

5 (2) Owners of family-owned businesses and
6 farms are among those who suffer the greatest im-
7 pact of such taxes. Many businesses fail after the
8 death of the founder because of estate taxes. Fami-
9 lies faced with these taxes are often forced to liq-
10 uidate farms or businesses to pay estate taxes. In
11 the process, jobs and financial security for family
12 members and employees are destroyed.

13 (3) The estate tax results in inefficiency in the
14 economy because of “estate planning” and other tax
15 avoidance mechanisms.

16 (4) Estate and gift taxes have a negative im-
17 pact on economic growth. Such taxes foster spending
18 and consumption, rather than savings and invest-
19 ment. Repeal of these taxes would result in in-
20 creased capital formation, additional jobs, and a
21 higher gross domestic product. Increased economic
22 activity and investments would also result in addi-
23 tional personal and corporate income tax revenues.

24 (5) Estate and gift taxes are a minor revenue
25 source for the Federal Government. In fiscal year

1 1995, estate and gift taxes accounted for only 1 per-
2 cent of total Federal receipts. Furthermore, the Gov-
3 ernment spends billions of dollars each year for ad-
4 ministrative and compliance costs for these taxes.

5 (6) The repeal of Federal estate and gift taxes
6 is consistent with and will be a major step toward
7 establishing a tax code based on fairness, simplicity,
8 neutrality, visibility, and stability.

9 **SEC. 3. REPEAL OF FEDERAL TRANSFER TAXES.**

10 (a) GENERAL RULE.—Subtitle B of the Internal Rev-
11 enue Code of 1986 is hereby repealed.

12 (b) EFFECTIVE DATE.—The repeal made by sub-
13 section (a) shall apply to the estates of decedents dying,
14 and gifts and generation-skipping transfers made, after
15 the date of the enactment of this Act.

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