

104TH CONGRESS
1ST SESSION

S. 628

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

IN THE SENATE OF THE UNITED STATES

MARCH 27, 1995

Mr. KYL (for himself and Mr. HELMS) 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 “Family Heritage Pres-
5 ervation Act”.

6 **SECTION 2. FINDINGS.**

7 Congress finds that:

8 (1) Hard working American men and women
9 spend a lifetime saving to provide for their children
10 and grandchildren, paying taxes all the while.

1 Throughout their lives, they pay taxes on the income
2 and gains from their labor and their investment. Be-
3 cause of the heavy burden of income taxes, property
4 taxes, and other levies, it is enormously difficult to
5 accumulate savings for a family's future. Worst of
6 all, when the purpose of that hard earned saving is
7 about to be achieved, families discover that between
8 37 percent and 55 percent of their after-tax savings
9 is confiscated by Federal inheritance taxes.

10 (2) These transfer, estate, and gift taxes punish
11 lifelong habits of thrift; they discourage entrepre-
12 neurship; they penalize families; and they have a
13 negative effect on other tax revenue sources.

14 (3) These taxes raise almost no material reve-
15 nue for the Federal Government. In fiscal year
16 1994, they produced only 1 percent of total Federal
17 revenues.

18 (4) The waste and economic inefficiency caused
19 by inheritance taxes is well known. American fami-
20 lies employ legions of tax accountants and lawyers
21 each year to set up trusts and other prolix devices
22 designed to avoid these onerous levies. The make-
23 work imposed upon the economy comprises billions
24 of dollars.

1 (5) In order to pay these excessive taxes, many
2 small businesses must liquidate all or part of their
3 assets. By causing business closures, these taxes
4 constrict business activity, increase unemployment,
5 and reduce tax revenues to the Federal Government.

6 (6) Independent analyses indicate that, were
7 these onerous taxes repealed, the Nation's GDP,
8 Federal and State tax revenues, employment base,
9 and capital formation would increase substantially.
10 According to one such survey, repealing these taxes
11 would increase GDP by \$79,220,000,000, create
12 228,000 new jobs, and increase savings by
13 \$630,000,000,000 by the end of the century.

14 (7) Repealing these taxes will ensure economic
15 fairness for all American families and businesses, as
16 well as economic growth and prosperity for the Na-
17 tion as a whole.

18 **SECTION 3. REPEAL OF FEDERAL TRANSFER TAXES.**

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

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

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