

105TH CONGRESS
2D SESSION

H. R. 3879

To amend the Internal Revenue Code of 1986 to phaseout the estate and gift taxes over a 10-year period.

IN THE HOUSE OF REPRESENTATIVES

MAY 14, 1998

Ms. DUNN of Washington (for herself, Mr. TANNER, Mr. GINGRICH, Mr. COX of California, Mr. JEFFERSON, Mr. CRANE, Mr. BUNNING of Kentucky, Mr. HERGER, Mr. MCCRERY, Mr. SAM JOHNSON, Mr. ENGLISH of Pennsylvania, Mr. WATKINS, Mr. HOSTETTLER, Mr. PICKERING, Mr. WELLER, Mr. CAMP, and Mrs. THURMAN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to phaseout the estate and gift taxes over a 10-year period.

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 Tax
5 Rate Reduction Act of 1998”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds and declares that—

1 (1) estate and gift tax rates, which reach as
2 high as 55 percent of a decedent's taxable estate,
3 are in most cases substantially in excess of the tax
4 rates imposed on the same amount of regular income
5 and capital gains income; and

6 (2) a reduction in estate and gift tax rates to
7 a level more comparable with the rates of tax im-
8 posed on regular income and capital gains income
9 will make the estate and gift tax less confiscatory
10 and mitigate its negative impacts on American fami-
11 lies and businesses.

12 **SEC. 3. PHASEOUT OF ESTATE AND GIFT TAXES.**

13 (a) **REPEAL OF ESTATE AND GIFT TAXES.**—Subtitle
14 B of the Internal Revenue Code of 1986 (relating to estate
15 and gift taxes) is repealed effective with respect to estates
16 of decedents dying, and gifts made, after December 31,
17 2008.

18 (b) **PHASEOUT OF TAX.**—Subsection (c) of section
19 2001 of such Code (relating to imposition and rate of tax)
20 is amended by adding at the end the following new para-
21 graph:

22 “(3) **PHASEOUT OF TAX.**—In the case of es-
23 tates of decedents dying, and gifts made, during any
24 calendar year after 1998 and before 2009—

1 “(A) IN GENERAL.—The tentative tax
 2 under this subsection shall be determined by
 3 using a table prescribed by the Secretary (in
 4 lieu of using the table contained in paragraph
 5 (1)) which is the same as such table; except
 6 that—

7 “(i) each of the rates of tax shall be
 8 reduced (but not below zero) by the num-
 9 ber of percentage points determined under
 10 subparagraph (B), and

11 “(ii) the amounts setting forth the tax
 12 shall be adjusted to the extent necessary to
 13 reflect the adjustments under clause (i).

14 “(B) PERCENTAGE POINTS OF REDUC-
 15 TION.—

“For calendar year:	The number of percentage points is:
1999	5
2000	10
2001	15
2002	20
2003	25
2004	30
2005	35
2006	40
2007	45
2008	50.

16 “(C) COORDINATION WITH PARAGRAPH
 17 (2).—Paragraph (2) shall be applied by reduc-
 18 ing the 55 percent percentage contained therein
 19 by the number of percentage points determined
 20 for such calendar year under subparagraph (B).

1 “(D) COORDINATION WITH CREDIT FOR
 2 STATE DEATH TAXES.—Rules similar to the
 3 rules of subparagraph (A) shall apply to the
 4 table contained in section 2011(b) except that
 5 the number of percentage points referred to in
 6 subparagraph (A)(i) shall be determined under
 7 the following table:

“For calendar year:	The number of percentage points is:
1999	1½
2000	3
2001	4½
2002	6
2003	7½
2004	9
2005	10½
2006	12
2007	13½
2008	15.”

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to estates of decedents dying, and
 10 gifts made, after December 31, 1998.

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