

105TH CONGRESS
1ST SESSION

S. 849

To amend the Internal Revenue Code of 1986 to increase the unified estate and gift tax credit to exempt farms and small businesses from estate taxes, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 9, 1997

Mr. FAIRCLOTH (for himself and Mr. HELMS) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to increase the unified estate and gift tax credit to exempt farms and small businesses from estate taxes, and for other purposes.

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 “American Farm Herit-
5 age and Small Business Preservation Act”.

6 **SEC. 2. INCREASE IN UNIFIED ESTATE AND GIFT TAX** 7 **CREDIT.**

8 (a) ESTATE TAX CREDIT.—

1 (1) IN GENERAL.—Section 2010(a) of the In-
 2 ternal Revenue Code of 1986 (relating to unified
 3 credit against estate tax) is amended by striking
 4 “\$192,800” and inserting “the applicable credit
 5 amount”.

6 (2) APPLICABLE CREDIT AMOUNT.—Section
 7 2010 of such Code is amended by redesignating sub-
 8 section (c) as subsection (d) and by inserting after
 9 subsection (b) the following new subsection:

10 “(c) APPLICABLE CREDIT AMOUNT.—For purposes
 11 of this section—

12 “(1) IN GENERAL.—The applicable credit
 13 amount is the amount of the tentative tax which
 14 would be determined under the rate schedule set
 15 forth in section 2001(c) if the amount with respect
 16 to which such tentative tax is to be computed were
 17 the applicable exclusion amount.

18 “(2) APPLICABLE EXCLUSION AMOUNT.—

19 “(A) IN GENERAL.—The applicable exclu-
 20 sion amount is \$1,500,000.

21 “(B) INFLATION ADJUSTMENT.—

22 “(i) IN GENERAL.—In the case of any
 23 calendar year beginning after 1998, the
 24 dollar amount referred to in subparagraph

1 (A) shall be increased by an amount equal
 2 to—

3 “(I) such dollar amount, multi-
 4 plied by

5 “(II) the cost-of-living adjust-
 6 ment determined under section
 7 (1)(f)(3) for the calendar year, by
 8 substituting ‘1997’ for ‘1992’.

9 “(ii) ROUNDING.—If any amount as
 10 adjusted under clause (i) is not a multiple
 11 of \$500, such amount shall be rounded to
 12 the nearest multiple of \$500. ”

13 (3) CONFORMING AMENDMENTS.—

14 (A) Section 6018(a)(1) of such Code is
 15 amended by striking “\$600,000” and inserting
 16 “the applicable exclusion amount in effect
 17 under section 2010(c) for the calendar year
 18 which includes the date of death”.

19 (B) Section 2001(c)(2) of such Code is
 20 amended by striking “\$21,040,000” and insert-
 21 ing “the amount at which the average tax rate
 22 under this section is 55 percent”.

23 (C) Section 2102(c)(3)(A) of such Code is
 24 amended by striking “\$192,800” and inserting
 25 “the applicable credit amount in effect under

1 section 2010(c) for the calendar year which in-
2 cludes the date of death”.

3 (b) UNIFIED GIFT TAX CREDIT.—Section
4 2505(a)(1) of the Internal Revenue Code of 1986 (relating
5 to unified credit against gift tax) is amended by striking
6 “\$192,800” and inserting “the applicable credit amount
7 in effect under section 2010(c) for such calendar year”.
8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to the estates of decedents dying,
10 and gifts made, after December 31, 1997.

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