

106TH CONGRESS
1ST SESSION

S. 56

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

IN THE SENATE OF THE UNITED STATES

JANUARY 19, 1999

Mr. KYL (for himself, Mr. ALLARD, Mr. ASHCROFT, Mr. BURNS, Mr. COCHRAN, Mr. COVERDELL, Mr. CRAPO, Mr. ENZI, Mr. GRAMM, Mr. GRAMS, Mr. HAGEL, Mr. HELMS, Mrs. HUTCHISON, Mr. INHOFE, Mr. MACK, Mr. MURKOWSKI, Mr. ROBERTS, Mr. SMITH of New Hampshire, Mr. SESSIONS, and Mr. THOMAS) 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 **SEC. 2. FINDINGS.**

7 Congress finds that:

1 (1) Hard working American men and women
2 spend a lifetime saving to provide for their children
3 and grandchildren, paying taxes all the while.
4 Throughout their lives, they pay taxes on the income
5 and gains from their labor and their investment. Be-
6 cause of the heavy burden of income taxes, property
7 taxes, and other levies, it is enormously difficult to
8 accumulate savings for a family's future. Worst of
9 all, when the purpose of that hard earned savings is
10 about to be achieved, families discover that between
11 37 percent and 55 percent of their after-tax savings
12 is confiscated by Federal estate taxes.

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

17 (3) These taxes raise almost no material reve-
18 nue for the Federal Government. In fiscal year
19 1998, they produced less than 1 percent of total
20 Federal revenues.

21 (4) The waste and economic inefficiency caused
22 by estate taxes is well known. American families em-
23 ploy legions of tax accountants and lawyers each
24 year to set up trust and other prolix devices de-
25 signed to avoid these onerous levies. The make-work

1 imposed upon the economy comprises billions of dol-
2 lars.

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

8 (6) Independent analyses indicate that, were
9 these onerous taxes repealed, the Nation's Gross Do-
10 mestic Product, Federal and State tax revenues, em-
11 ployment base, and capital formation would increase
12 substantially. According to a December 1998 study
13 by the Joint Economic Committee, these taxes have
14 reduced the stock of capital in the United States by
15 \$497,000,000,000 reduced annual Federal income
16 tax receipts by \$20,000,000,000 and caused family
17 businesses to divert resources from investment and
18 to develop environmentally sensitive land.

19 (7) Repealing these taxes will ensure economic
20 fairness for all American families and businesses, as
21 well as economic growth and prosperity for the Na-
22 tion as a whole.

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

2 (a) GENERAL RULE.—Subtitle B of the Internal Rev-
3 enue Code of 1986 (relating to estate, gift, and genera-
4 tion-skipping taxes) is hereby repealed.

5 (b) EFFECTIVE DATE.—The repeal make by sub-
6 section (a) shall apply to the estates of decedents dying,
7 and gifts and generation-skipping transfers made, after
8 the date of the enactment of this Act.

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