

107TH CONGRESS
1ST SESSION

S. 83

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

IN THE SENATE OF THE UNITED STATES

JANUARY 22, 2001

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

A BILL

To phase-out and 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 Tax
5 Phase-Out Act of 2001”.

6 SEC. 2. FINDINGS.

7 Congress finds the following:

8 (1) The economy of the United States cannot
9 achieve strong, sustained growth without adequate
10 levels of savings to fuel productive activity. Inad-

1 equate savings have been shown to lead to lower pro-
2 ductivity, stagnating wages, and reduced standards
3 of living.

4 (2) Savings levels in the United States have
5 steadily declined over the past 25 years, and have
6 lagged behind the industrialized trading partners of
7 the United States.

8 (3) These anemic savings levels have contrib-
9 uted to the country's long-term downward trend in
10 real economic growth, which averaged close to 3.5
11 percent over the last 100 years but has slowed to 2.4
12 percent over the past quarter century.

13 (4) Repealing the estate and gift tax would con-
14 tribute to the goals of expanding savings and invest-
15 ment, boosting entrepreneurial activity, and expand-
16 ing economic growth.

17 (5) Abolishing the estate tax would restore a
18 measure of fairness to the Federal tax system. Fam-
19 ilies should be able to pass on the fruits of labor to
20 the next generation without realizing a taxable
21 event.

22 (6) Abolishing the estate tax would benefit the
23 preservation of family farms. Nearly 95 percent of
24 farms and ranches are owned by sole proprietors or
25 family partnerships, subjecting most of this property

1 to estate taxes upon the death of the owner. Due to
 2 the capital intensive nature of farming and its low
 3 return on investment, farmers are 15 times more
 4 likely to be subject to estate taxes than other Ameri-
 5 cans.

6 **SEC. 3. PHASE-OUT OF ESTATE AND GIFT TAXES THROUGH**
 7 **INCREASE IN UNIFIED ESTATE AND GIFT TAX**
 8 **CREDIT.**

9 (a) IN GENERAL.—The table in section 2010(c) of
 10 the Internal Revenue Code (relating to applicable credit
 11 amount) is amended to read as follows:

“In the case of estates of decedents dying, and gifts made, during:	The applicable exclusion amount is:
2002	\$1,000,000
2003	\$1,500,000
2004	\$2,000,000
2005	\$2,500,000
2006	\$5,000,000.”.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 this section shall apply to the estates of decedents dying,
 14 and gifts made, after December 31, 2001.

15 **SEC. 4. REPEAL OF FEDERAL TRANSFER TAXES.**

16 (a) IN GENERAL.—Subtitle B of the Internal Rev-
 17 enue Code of 1986 is repealed.

18 (b) EFFECTIVE DATE.—The repeal made by sub-
 19 section (a) shall apply to the estates of decedents dying,
 20 and gifts and generation-skipping transfers made, after
 21 December 31, 2006.

1 (c) TECHNICAL AND CONFORMING CHANGES.—The
2 Secretary of the Treasury or the Secretary's delegate shall
3 not later than 90 days after the effective date of this sec-
4 tion, submit to the Committee on Ways and Means of the
5 House of Representatives and the Committee on Finance
6 of the Senate a draft of any technical and conforming
7 changes in the Internal Revenue Code of 1986 which are
8 necessary to reflect throughout such Code the changes in
9 the substantive provisions of law made by this Act.

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