

107TH CONGRESS
1ST SESSION

S. 867

To amend the Internal Revenue Code of 1986 to increase the unified credit exemption and the qualified family-owned business interest deduction, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 10, 2001

Mr. CONRAD (for himself and Mr. COCHRAN) 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 credit exemption and the qualified family-owned business interest deduction, 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 (a) SHORT TITLE.—This Act may be cited as the
5 “Estate Tax Reform Act of 2001”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference
 2 shall be considered to be made to a section or other provi-
 3 sion of the Internal Revenue Code of 1986.

4 **SEC. 2. INCREASE IN AMOUNT OF UNIFIED CREDIT**
 5 **AGAINST ESTATE AND GIFT TAXES.**

6 (a) IN GENERAL.—Subsection (c) of section 2010
 7 (relating to unified credit against estate tax) is amended
 8 to read as follows:

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

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

17 “(2) APPLICABLE EXCLUSION AMOUNT.—The
 18 applicable exclusion amount is equal to the sum of—

19 “(A) the decedent’s exclusion amount, plus

20 “(B) in the case of a decedent described in
 21 paragraph (4), the unused spousal exclusion
 22 amount.

23 “(3) DECEDENT’S EXCLUSION AMOUNT.—For
 24 purposes of paragraph (2)(A), the decedent’s exclu-

1 sion amount is determined in accordance with the
 2 following table:

“In the case of estates of decedents dying, and gifts made, during:	The decedent’s exclusion amount is:
2002	\$1,000,000
2003	\$1,125,000
2004	\$1,250,000
2005	\$1,500,000
2006 or thereafter	\$2,000,000.

3 “(4) UNUSED SPOUSAL EXCLUSION AMOUNT.—
 4 With respect to a decedent whose immediately pre-
 5 deceased spouse died after December 31, 2001, the
 6 unused spousal exclusion amount for such decedent
 7 is equal to the excess of—

8 “(A) the applicable exclusion amount al-
 9 lowable under this subsection to the estate of
 10 such immediately predeceased spouse, over

11 “(B) the applicable exclusion amount al-
 12 lowed under this section to the estate of such
 13 immediately predeceased spouse.”

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

17 **SEC. 3. INCREASE IN QUALIFIED FAMILY-OWNED BUSINESS**
 18 **INTEREST DEDUCTION AMOUNT.**

19 (a) IN GENERAL.—Paragraph (2) of section 2057(a)
 20 (relating to family-owned business interests) is amended
 21 to read as follows:

22 “(2) MAXIMUM DEDUCTION.—

1 “(A) IN GENERAL.—The deduction allowed
2 by this section shall not exceed the sum of—

3 “(i) the decedent’s deduction amount,
4 plus

5 “(ii) in the case of a decedent de-
6 scribed in subparagraph (C), the unused
7 spousal deduction amount.

8 “(B) DECEDENT’S DEDUCTION AMOUNT.—
9 For purposes of this subparagraph (A)(i), the
10 decedent’s deduction amount is determined in
11 accordance with the following table:

“In the case of estates of decedents dying during:	The decedent’s deduction amount is:
2002	\$875,000
2003	\$1,375,000
2004	\$1,875,000
2005	\$2,375,000
2006 or thereafter	\$3,375,000.

12 “(C) UNUSED SPOUSAL DEDUCTION
13 AMOUNT.—With respect to a decedent whose
14 immediately predeceased spouse died after De-
15 cember 31, 2001, and the estate of such imme-
16 diately predeceased spouse met the require-
17 ments of subsection (b)(1), the unused spousal
18 deduction amount for such decedent is equal to
19 the excess of—

20 “(i) the decedent’s deduction amount
21 allowable under this section to the estate

1 of such immediately predeceased spouse,
2 over

3 “(ii) the decedent’s deduction amount
4 allowed under this section to the estate of
5 such immediately predeceased spouse.”

6 (b) CONFORMING AMENDMENTS.—Section
7 2057(a)(3)(B) is amended—

8 (1) by striking “\$675,000” both places it ap-
9 pears and inserting “the decedent’s deduction
10 amount”, and

11 (2) by striking “\$675,000” in the heading and
12 inserting “DECEDENT’S DEDUCTION AMOUNT”.

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

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