

110TH CONGRESS
1ST SESSION

H. R. 4235

To amend the Internal Revenue Code of 1986 to restore the estate tax, to repeal the carryover basis rule, to reduce estate tax rates by 20 percent, to increase the unified credit against estate and gift taxes to the equivalent of a \$3,000,000 exclusion and to provide an inflation adjustment of such amount, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 15, 2007

Mrs. LOWEY 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 restore the estate tax, to repeal the carryover basis rule, to reduce estate tax rates by 20 percent, to increase the unified credit against estate and gift taxes to the equivalent of a \$3,000,000 exclusion and to provide an inflation adjustment of such amount, 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 “Estate Tax Reduction
5 Act of 2007”.

1 **SECTION 2. RESTORATION OF ESTATE TAX; REPEAL OF**
2 **CARRYOVER BASIS.**

3 (a) IN GENERAL.—Subtitles A and E of title V of
4 the Economic Growth and Tax Relief Reconciliation Act
5 of 2001, and the amendments made by such subtitles, are
6 hereby repealed; and the Internal Revenue Code of 1986
7 shall be applied as if such subtitles, and amendments, had
8 never been enacted.

9 (b) SUNSET NOT TO APPLY.—

10 (1) Subsection (a) of section 901 of the Eco-
11 nomic Growth and Tax Relief Reconciliation Act of
12 2001 is amended by striking “this Act” and all that
13 follows and inserting “this Act (other than title V)
14 shall not apply to taxable, plan, or limitation years
15 beginning after December 31, 2010.”.

16 (2) Subsection (b) of such section 901 is
17 amended by striking “, estates, gifts, and transfers”.

18 (c) CONFORMING AMENDMENTS.—Subsections (d)
19 and (e) of section 511 of the Economic Growth and Tax
20 Relief Reconciliation Act of 2001, and the amendments
21 made by such subsections, are hereby repealed; and the
22 Internal Revenue Code of 1986 shall be applied as if such
23 subsections, and amendments, had never been enacted.

1 **SEC. 3. 20 PERCENT REDUCTION IN ESTATE TAX RATES.**

2 (a) IN GENERAL.—Subsection (c) of section 2001 of
 3 the Internal Revenue Code of 1986 is amended to read
 4 as follows:

5 “(c) RATE SCHEDULE.—

“If the amount with respect to which the tentative tax is to be computed is:	The tentative tax is:
Not over \$10,000	14.4% of such amount.
Over \$10,000 but not over \$20,000.	\$1,440, plus 16% of the excess of such amount over \$10,000
Over \$20,000 but not over \$40,000.	\$3,040, plus 17.6% of the excess of such amount over \$20,000
Over \$40,000 but not over \$60,000.	\$6,560, plus 19.2% of the excess of such amount over \$40,000
Over \$60,000 but not over \$80,000.	\$10,400, plus 20.8% of the excess of such amount over \$60,000
Over \$80,000 but not over \$100,000.	\$14,560, plus 22.4% of the excess of such amount over \$80,000
Over \$100,000 but not over \$150,000.	\$19,040, plus 24% of the excess of such amount over \$100,000
Over \$150,000 but not over \$250,000.	\$31,040, plus 25.6% of the excess of such amount over \$150,000
Over \$250,000 but not over \$500,000.	\$56,640, plus 27.2% of the excess of such amount over \$250,000
Over \$500,000 but not over \$750,000.	\$124,640, plus 29.6% of the excess of such amount over \$500,000
Over \$750,000 but not over \$1,000,000.	\$198,640, plus 31.2% of the excess of such amount over \$750,000
Over \$1,000,000 but not over \$1,250,000.	\$276,640, plus 32.8% of the excess of such amount over \$1,000,000
Over \$1,250,000 but not over \$1,500,000.	\$358,640, plus 34.4% of the excess of such amount over \$1,250,000
Over \$1,500,000 but not over \$2,000,000.	\$444,640, plus 36% of the excess of such amount over \$1,500,000
Over \$2,000,000	\$624,640, plus 39.2% of the excess of such amount over \$2,000,000.”.

6 (b) EFFECTIVE DATE.—The amendment made by
 7 this section shall apply to estates of decedents dying, and
 8 gifts made, after the date of the enactment of this Act.

1 **SEC. 4. UNIFIED CREDIT INCREASED TO EQUIVALENT OF**
 2 **\$3,000,000 EXCLUSION; INFLATION ADJUST-**
 3 **MENT OF UNIFIED CREDIT.**

4 (a) INCREASE IN UNIFIED CREDIT.—Subsection (c)
 5 of section 2010 of the Internal Revenue Code of 1986 (re-
 6 lating to applicable credit amount) is amended by striking
 7 all that follows “were the applicable exclusion amount”
 8 and inserting “. For purposes of the preceding sentence,
 9 the applicable exclusion amount is \$3,000,000.”

10 (b) INFLATION ADJUSTMENT.—Section 2010 of such
 11 Code is amended by redesignating subsection (d) as sub-
 12 section (e) and by inserting after subsection (c) the fol-
 13 lowing new subsection:

14 “(d) COST-OF-LIVING ADJUSTMENT.—In the case of
 15 any decedent dying, and gift made, in a calendar year
 16 after 2007, the \$3,000,000 amount set forth in subsection
 17 (c) shall be increased by an amount equal to—

18 “(1) \$3,000,000, multiplied by

19 “(2) the cost-of-living adjustment determined
 20 under section 1(f)(3) for such calendar year by sub-
 21 stituting ‘calendar year 2006’ for ‘calendar year
 22 1992’ in subparagraph (B) thereof.

23 If any amount as adjusted under the preceding sentence
 24 is not a multiple of \$10,000, such amount shall be round-
 25 ed to the nearest multiple of \$10,000.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to estates of decedents dying, and
3 gifts made, after the date of the enactment of this Act.

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