

GOP.gov

Committee Central

Daily

Floor Briefing

WEDNESDAY, APRIL 4, 2001

The House will meet at 10:00 a.m. for legislative business.
Last vote expected late afternoon.

The House will vote on two suspension bills rolled from yesterday:

H.R. 642 - Chesapeake Bay Office of the National Oceanic and Atmospheric Administration Reauthorization Act

H.Con.Res. 66 - Revising and Updating "Women in Congress, 1917-1990"

Bill Subject to a Rule (1 bill):

H.R. 8 – Death Tax Elimination Act of 2001

Bill Subject to a Rule (1 bill):

Floor Situation

Yesterday, the Rules Committee reported a modified closed rule for the consideration of H.R. 8 as reported by the Ways and Means Committee, which: (1) provides one hour of general debate; (2) makes in order an amendment in the nature of a substitute printed in the report on the rule, if offered by Mr. Rangel or his designee, which is debatable for one hour; and (3) provides for one motion to recommit, with or without instruction.

For additional information on the floor situation, please contact the Rules Committee at 5-9191 or visit www.house.gov/rules.

Summary

H.R. 8 provides \$186 billion in tax relief by phasing in a repeal of estate, gift, and generation-skipping taxes. Prior to full repeal in 2011, the estate and gift tax rates will be reduced as follows: in 2002, the 55 percent tax rate and the 5 percent surtax are repealed, in 2003, the highest rate will be 50 percent. Each year thereafter, these rates are reduced by 1 percentage point per year from 2004 through 2006 and 2 percentage points in 2007 through 2010. No rate will be reduced below the lowest general individual income tax rate for unmarried individuals and the highest rate will not be reduced below the highest general individual income tax rate for unmarried individuals. Additionally, the state death tax credit rates will be reduced in proportion to the federal estate and gift tax rate reductions.

Beginning in 2002, the unified credit (currently applied to the first \$675,000 of property) will be converted to an exemption so that the lowest statutory rates will apply to the value of an estate exceeding the exemption amount. After repeal of the estate, gift, and generation skipping taxes, heirs will inherit assets with the decedent's basis (not in excess of fair market value), except that up to \$3 million of basis could be added to assets left to a surviving spouse and \$1.3 million of basis could be added to assets left to heirs, resulting in a continuation of date of death value basis for the vast majority of estates. Certain restrictions apply to the "step up" in basis rules to prevent taxpayers from engaging in dubious transactions to avoid income taxes.

The bill expands conservation easements by modifying the distance requirements. Under the bill, the maximum distance of eligible land from a metropolitan area, national park, or wilderness area is increased from 25 to 50 miles, and from an Urban National Forest, it will be increased from 10 to 25 miles. The bill will also clarify that the date for determining easement compliance will be the date on which the donation was made.

The bill also expands the definition of "closely-held" business for purposes of estate tax installment payment rules. This change allows larger family businesses (*e.g.*, those with up to 45 shareholders or partners) to defer estate tax payments over a 14 year period.

[Generation-skipping transfer taxes](#) (taxes assessed on gifts/inheritances that "skip" a generation, *i.e.* go to a grandchild) will be phased out within 10 years. The plan will also simplify portions of the generation skipping transfer tax rules prior to repeal.

[A description of the amendment in the nature of a substitute offered by Chairman Thomas is available on the Joint Committee on Taxation website.](#)

Legislative History

H.R. 8 was introduced by Ms. Dunn on March 14, 2001. The measure was reported from the Committee on Ways and Means by a vote of 24-14 on March 29, 2001.

Cost Estimate

The Joint Committee on Taxation (JCT) estimates that enactment of H.R. 8 will cost \$186 billion over 2001 – 2011.

Amendment

Mr. Rangel may offer an amendment in the nature of a substitute that will increase the current estate tax exemption amount from \$675,000 to \$2 million in 2002. When fully phased-in in 2010, the exemption amount will grow to \$2.5 million (or \$5 million per couple). The phase-in will occur in \$100,000 increments, taking effect every other year.

The substitute repeals the current law mileage limitations for tax-benefited conservation easements; allowing all easements to be eligible for the exclusion regardless of distance from city or wilderness area. It also repeals the current dollar-for-dollar credit for death taxes imposed by a state (and replaces the credit with a less favorable deduction) and limits the use of minority discounts to avoid estate tax.

The substitute retains current law provisions of the “step-up basis”, which allows individuals to avoid paying capital gains tax on the increased value of inherited property, if the increase in value occurred before the death of the individual.

**Democrats estimate that enactment will cost \$39 billion over 10 years.
60 Minutes**

For additional information on the substitute, please contact the Ways and Means Committee Minority Staff at 5-4021.

Additional Resources

CRS Products

Federal estate, gift, and generation-skipping taxes: a description of current law.

Date: Updated Jan. 10, 2001. 13 p.

Author: Luckey, John R.

Product Number: 95-416 A

Available: [Document \(PDF\)](#)

A history of federal estate, gift, and generation-skipping taxes.

Date: Updated Jan. 11, 2001. 24 p.

Author: Luckey, John R.

Product Number: 95-444 A

Available: [Document \(PDF\)](#)

Press Resources

[Ways and Means Committee](#)

For additional information or questions, please contact the Ways and Means Committee at 5-3625.

Rolled Votes (2 bills):

H.R. 642 reauthorizes the Chesapeake Bay Office of the National Oceanic Atmospheric Administration until September 30, 2006. The measure also requires the development of multiple species management strategies and the establishment of small grants programs.

In addition to reauthorizing the Office, this legislation requires (1) a five-year study leading to the development of a multiple species management strategy for the Chesapeake Bay; and (2) the establishment and administration of a community-based fishery and habitat restoration small grants and technical assistance program. The study will determine the current status and trends of selected fish and shellfish that live in the Chesapeake Bay estuaries, evaluate and assess interactions among the multiple species, and make recommendations for management actions to optimize the return to a healthy and balanced ecosystem for the Bay. The community-based program will pay the federal share, up to 75 percent, of projects that are carried out by eligible entities for the restoration of fisheries and habitats in the Chesapeake Bay watershed. To fund the Office and the improvements, H.R. 642 authorizes \$6 million a year for FY 2002-2006. H.R. 642 was introduced by Mr. Gilchrest on February 14, 2001. The measure was reported by the House Committee on Resources by voice vote on March 28, 2001. A CBO cost estimate was not available at press time.

For additional information or questions, please contact the Resources Committee at 5-2761.

H.Con.Res. 66 authorizes the printing of a revised version of the House Document titled 'Women in Congress, 1917-1990' by the Public Printer. The resolution also authorizes the printing of an additional 25,000 copies for the House Administration Committee and 5,700 copies for the Senate Rules and Administration Committee. H.Con.Res. 66 was introduced by Ms. Kaptur on March 15, 2001. The measure was referred to the House Administration Committee, but not considered.

For additional information or questions, please contact Rep. Kaptur's office at 5-4146.

TO SUBSCRIBE OR UNSUBSCRIBE TO THIS E-MAIL PUBLICATION, PLEASE SEND AN E-MAIL TO CommitteeRelations@mail.house.gov AND TYPE "SUBSCRIBE" OR "UNSUBSCRIBE" IN THE SUBJECT LINE.

Office of Committee Relations

Director of Coalitions, Committees and Appropriations: Leigh LaMora

Director of Committee Relations: Brendan Shields

Deputy Director of Committee Relations: Courtney Haller

Committee Liaisons: Kelly Bulliner & John DeStefano

<http://gop.gov/committeecentral>

1010 Longworth House Office Building • Washington, D.C. 20515 • (202) 226-2302