

105TH CONGRESS  
2D SESSION

# S. 2318

To amend the Internal Revenue Code of 1986 to phase out the estate and gift taxes over a 10-year period.

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IN THE SENATE OF THE UNITED STATES

JULY 16, 1998

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

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## A BILL

To amend the Internal Revenue Code of 1986 to phase out the estate and gift taxes over a 10-year period.

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       Rate Reduction Act of 1998”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds and declares that—

8               (1) estate and gift tax rates, which reach as  
9       high as 55 percent of a decedent’s taxable estate,  
10      are in most cases substantially in excess of the tax

1 rates imposed on the same amount of regular income  
 2 and capital gains income; and

3 (2) a reduction in estate and gift tax rates to  
 4 a level more comparable with the rates of tax im-  
 5 posed on regular income and capital gains income  
 6 will make the estate and gift tax less confiscatory  
 7 and mitigate its negative impacts on American fami-  
 8 lies and businesses.

9 **SEC. 3. PHASEOUT OF ESTATE AND GIFT TAXES.**

10 (a) REPEAL OF ESTATE AND GIFT TAXES.—Subtitle  
 11 B of the Internal Revenue Code of 1986 (relating to estate  
 12 and gift taxes) is repealed effective with respect to estates  
 13 of decedents dying, and gifts made, after December 31,  
 14 2008.

15 (b) PHASEOUT OF TAX.—Subsection (c) of section  
 16 2001 of such Code (relating to imposition and rate of tax)  
 17 is amended by adding at the end the following new para-  
 18 graph:

19 “(3) PHASEOUT OF TAX.—In the case of es-  
 20 tates of decedents dying, and gifts made, during any  
 21 calendar year after 1998 and before 2009—

22 “(A) IN GENERAL.—The tentative tax  
 23 under this subsection shall be determined by  
 24 using a table prescribed by the Secretary (in  
 25 lieu of using the table contained in paragraph

1 (1)) which is the same as such table; except  
 2 that—

3 “(i) each of the rates of tax shall be  
 4 reduced (but not below zero) by the num-  
 5 ber of percentage points determined under  
 6 subparagraph (B), and

7 “(ii) the amounts setting forth the tax  
 8 shall be adjusted to the extent necessary to  
 9 reflect the adjustments under clause (i).

10 “(B) PERCENTAGE POINTS OF REDUC-  
 11 TION.—

<b>“For calendar year:</b>	<b>The number of percentage points is:</b>
1999 .....	5
2000 .....	10
2001 .....	15
2002 .....	20
2003 .....	25
2004 .....	30
2005 .....	35
2006 .....	40
2007 .....	45
2008 .....	50.

12 “(C) COORDINATION WITH PARAGRAPH  
 13 (2).—Paragraph (2) shall be applied by reduc-  
 14 ing the 55 percent percentage contained therein  
 15 by the number of percentage points determined  
 16 for such calendar year under subparagraph (B).

17 “(D) COORDINATION WITH CREDIT FOR  
 18 STATE DEATH TAXES.—Rules similar to the  
 19 rules of subparagraph (A) shall apply to the  
 20 table contained in section 2011(b) except that

1           the number of percentage points referred to in  
 2           subparagraph (A)(i) shall be determined under  
 3           the following table:

<b>“For calendar year:</b>	<b>The number of percentage points is:</b>
1999 .....	1½
2000 .....	3
2001 .....	4½
2002 .....	6
2003 .....	7½
2004 .....	9
2005 .....	10½
2006 .....	12
2007 .....	13½
2008 .....	15.”

4           (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to estates of decedents dying, and  
 6 gifts made, after December 31, 1998.

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