

107TH CONGRESS  
1ST SESSION

# H. R. 42

To amend the Internal Revenue Code of 1986 to reduce estate and gift tax rates, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2001

Mr. BEREUTER (for himself, Mr. LAHOOD, Mr. COOKSEY, Mr. BARR of Georgia, Mr. THUNE, Mr. BILIRAKIS, Mr. MORAN of Kansas, and Mrs. BIGGERT) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce estate and gift tax rates, 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 Relief Act  
5       of 2001”.

6       **SEC. 2. REDUCTION OF ESTATE TAX RATES.**

7       (a) IN GENERAL.—Section 2001 of the Internal Rev-  
8       enue Code of 1986 (relating to estate tax) is amended by

1 striking subsections (b) and (c) and by inserting after sub-  
 2 section (a) the following new subsections:

3 “(b) COMPUTATION OF TAX.—The tax imposed by  
 4 this section shall be 39.6 percent of the amount equal to  
 5 the excess (if any) of—

6 “(1) the sum of—

7 “(A) the amount of the taxable estate, and

8 “(B) the amount of the adjusted taxable  
 9 gifts, over

10 “(2) the aggregate amount of tax paid under  
 11 chapter 12 with respect to gifts made by the dece-  
 12 dent after December 31, 1976.

13 “(c) ADJUSTED TAXABLE GIFTS.—For purposes of  
 14 paragraph (1)(B), the term ‘adjusted taxable gifts’ means  
 15 the total amount of the taxable gifts (within the meaning  
 16 of section 2503) made by the decedent after December 31,  
 17 1976, other than gifts which are includible in the gross  
 18 estate of the decedent.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Section 2010(c) of such Code is amended by  
 21 striking “the rate schedule set forth in section  
 22 2001(c)” and inserting “section 2001”.

23 (2) Subsection (b) of section 2101 of such Code  
 24 is amended to read as follows:

1       “(b) COMPUTATION OF TAX.—The tax imposed by  
 2 this section shall be the amount equal to the excess (if  
 3 any) of—

4               “(1) a tax computed under section 2001 on the  
 5 sum of—

6                       “(A) the amount of the taxable estate, and

7                       “(B) the amount of the adjusted taxable  
 8 gifts, over

9               “(2) the aggregate amount of tax paid under  
 10 chapter 12 with respect to gifts made by the dece-  
 11 dent after December 31, 1976.”.

12               (3) Section 2502 of such Code is amended to  
 13 read as follows:

14 **“SEC. 2502. RATE OF TAX.**

15       “(a) GENERAL RULE.—The tax imposed by section  
 16 2501 for each calendar year shall be an amount equal to—

17               “(1) the tax computed under section 2001 on  
 18 the sum of the taxable gifts for such calendar year,  
 19 over

20               “(2) the tax computed under section 2001 on  
 21 the sum of the taxable gifts for each of the pre-  
 22 ceding calendar periods.

23       “(b) TAX TO BE PAID BY DONOR.—The tax imposed  
 24 by section 2501 shall be paid by the donor.”.

1           (4) Section 6601(j)(2)(A)(i) of such Code is  
 2           amended by striking “the rate schedule set forth in  
 3           section 2001(c)” and inserting “section 2001”.

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

7   **SEC. 3. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES**  
 8                   **INCREASED TO EXCLUSION EQUIVALENT OF**  
 9                   **\$10,000,000; INFLATION ADJUSTMENT OF**  
 10                  **CREDIT.**

11          (a) IN GENERAL.—Subsection (c) of section 2010 of  
 12          the Internal Revenue Code of 1986 (relating to applicable  
 13          credit amount) is amended to read as follows:

14          “(c) APPLICABLE CREDIT AMOUNT.—For purposes  
 15          of this section, the applicable credit amount is the amount  
 16          of tax which would be determined under section 2001 if  
 17          the amount with respect to which such tax is to be com-  
 18          puted were the applicable exclusion amount. For purposes  
 19          of the preceding sentence, the applicable exclusion amount  
 20          is \$10,000,000.”.

21          (b) INFLATION ADJUSTMENT.—

22               (1) IN GENERAL.—Section 2010 of such Code  
 23          is amended by redesignating subsection (d) as sub-  
 24          section (e) and by inserting after subsection (c) the  
 25          following new subsection:

1       “(d) INFLATION ADJUSTMENT.—In the case of any  
 2 decedent dying, and gift made, in a calendar year after  
 3 2001, the \$10,000,000 amount set forth in subsection (c)  
 4 shall be increased by an amount equal to—

5               “(1) \$10,000,000, multiplied by

6               “(2) the cost-of-living adjustment determined  
 7 under section 1(f)(3) for such calendar year by sub-  
 8 stituting ‘calendar year 2000’ for ‘calendar year  
 9 1992’ in subparagraph (B) thereof.

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

13               (2) CONFORMING AMENDMENT.—Section  
 14 6018(a)(1) of such Code is amended by striking  
 15 “section 2010(c)” and inserting “section 2010”.

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

19 **SEC. 4. REPEAL OF ESTATE TAX BENEFIT FOR FAMILY-**  
 20 **OWNED BUSINESS INTERESTS.**

21       (a) IN GENERAL.—Section 2057 of the Internal Rev-  
 22 enue Code of 1986 (relating to family-owned business in-  
 23 terests) is hereby repealed.

24       (b) CONFORMING AMENDMENTS.—

1           (1) Paragraph (10) of section 2031(c) of such  
2       Code is amended by inserting “(as in effect on the  
3       day before the date of the enactment of the Estate  
4       Tax Relief Act of 2001)” before the period.

5           (2) The table of sections for part IV of sub-  
6       chapter A of chapter 11 of such Code is amended by  
7       striking the item relating to section 2057.

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

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