

107TH CONGRESS
2^D SESSION

H. R. 5706

To repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 2002

Mr. COX introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

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 “Family Heritage Pres-
5 ervation Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that:

8 (1) Hard working American men and women
9 spend a lifetime saving to provide for their children
10 and grandchildren, paying taxes all the while.

1 Throughout their lives, they pay taxes on the income
2 and gains from their labor and their investment. Be-
3 cause of the heavy burden of income taxes, property
4 taxes, and other levies, it is enormously difficult to
5 accumulate savings for a family's future. Worst of
6 all, when the purpose of that hard earned saving is
7 about to be achieved, families discover that between
8 37 percent and 55 percent of their after-tax savings
9 is confiscated by Federal estate taxes.

10 (2) These transfer, estate, and gift taxes punish
11 lifelong habits of thrift; they discourage entrepre-
12 neurship; they penalize families; and they have a
13 negative effect on other tax revenue sources.

14 (3) These taxes raise almost no material rev-
15 enue for the Federal Government. In fiscal year
16 1998, they produced about 1 percent of total Fed-
17 eral revenues.

18 (4) The waste and economic inefficiency caused
19 by estate taxes is well known. American families em-
20 ploy legions of tax accountants and lawyers each
21 year to set up trusts and other prolix devices de-
22 signed to avoid these onerous levies. The make-work
23 imposed upon the economy comprises billions of dol-
24 lars.

1 (5) In order to pay these excessive taxes, many
2 small businesses must liquidate all or part of their
3 assets. By causing business closures, these taxes
4 constrict business activity, increase unemployment,
5 and reduce tax revenues to the Federal Government.

6 (6) Independent analyses indicate that, were
7 these onerous taxes repealed, the Nation's gross do-
8 mestic product, Federal and State tax revenues, em-
9 ployment base, and capital formation would increase
10 substantially. According to a December 1998 study
11 by the Joint Economic Committee, these taxes have
12 reduced the stock of capital in the United States by
13 \$497,000,000,000, reduce annual Federal income
14 tax receipts by \$20,000,000,000, and cause family
15 businesses to divert resources from investment and
16 to develop environmentally sensitive land.

17 (7) Repealing these taxes will ensure economic
18 fairness for all American families and businesses, as
19 well as economic growth and prosperity for the Na-
20 tion as a whole.

21 **SEC. 3. REPEAL OF FEDERAL TRANSFER TAXES.**

22 (a) GENERAL RULE.—Subtitle B of the Internal Rev-
23 enue Code of 1986 (relating to estate, gift, and genera-
24 tion-skipping taxes) is hereby repealed.

1 (b) EFFECTIVE DATE.—The repeal made by sub-
2 section (a) shall apply to the estates of decedents dying,
3 and gifts and generation-skipping transfers made, after
4 December 31, 2002.

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