

111TH CONGRESS
1ST SESSION

H. R. 3905

To amend the Internal Revenue Code of 1986 to repeal the 1-year termination of the estate tax, to increase the estate and gift tax unified credit, and to coordinate a reduction in the maximum rate of tax with a phaseout of the deduction for State death taxes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 22, 2009

Ms. BERKLEY (for herself, Mr. BRADY of Texas, Mr. DAVIS of Alabama, and Mr. NUNES) 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 repeal the 1-year termination of the estate tax, to increase the estate and gift tax unified credit, and to coordinate a reduction in the maximum rate of tax with a phaseout of the deduction for State death taxes.

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 2009”.

1 **SEC. 2. RESTORATION OF ESTATE TAX; REPEAL OF CARRY-**
2 **OVER BASIS.**

3 (a) IN GENERAL.—The following provisions of the
4 Economic Growth and Tax Relief Reconciliation Act of
5 2001, and the amendments made by such provisions, are
6 hereby repealed:

7 (1) Subtitles A and E of title V.

8 (2) Subsection (d), and so much of subsection
9 (f)(3) as relates to subsection (d), of section 511.

10 (3) Paragraph (2) of subsection (b), and para-
11 graph (2) of subsection (e), of section 521.

12 The Internal Revenue Code of 1986 shall be applied as
13 if such provisions and amendments had never been en-
14 acted.

15 (b) SUNSET NOT TO APPLY.—

16 (1) Subsection (a) of section 901 of the Eco-
17 nomic Growth and Tax Relief Reconciliation Act of
18 2001 is amended by striking “this Act” and all that
19 follows and inserting “this Act (other than title V)
20 shall not apply to taxable, plan, or limitation years
21 beginning after December 31, 2010.”.

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

1 **SEC. 3. INCREASE IN UNIFIED CREDIT AGAINST THE ES-**
 2 **TATE TAX.**

3 (a) IN GENERAL.—The table in subsection (c) of sec-
 4 tion 2010 of the Internal Revenue Code of 1986 (relating
 5 to applicable credit amount) is amended to read as follows:

“In the case of estates of decedents dying during:	The applicable exclusion amount is:
2009	\$3,500,000
2010	\$3,650,000
2011	\$3,800,000
2012	\$3,950,000
2013	\$4,100,000
2014	\$4,250,000
2015	\$4,400,000
2016	\$4,550,000
2017	\$4,700,000
2018	\$4,850,000
2019 or thereafter	\$5,000,000.”.

6 (b) INFLATION ADJUSTMENT.—Subsection (c) of sec-
 7 tion 2010 of such Code, as amended by subsection (a),
 8 is amended—

9 (1) by striking “For purposes of this section,”
 10 and inserting the following:

11 “(1) IN GENERAL.—For purposes of this sec-
 12 tion,” and

13 (2) by adding at the end the following new
 14 paragraph:

15 “(2) INFLATION ADJUSTMENT.—In the case of
 16 any decedent dying in a calendar year after 2019,
 17 the \$5,000,000 amount in paragraph (1) shall be in-
 18 creased by an amount equal to—

19 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
 2 mined under section 1(f)(3) for such calendar
 3 year, determined by substituting ‘2018’ for
 4 ‘1992’ in subparagraph (B) thereof.

5 If any increase determined under the preceding sen-
 6 tence is not a multiple of \$10,000, such increase
 7 shall be rounded to the nearest multiple of
 8 \$10,000.”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to estates of decedents dying, and
 11 gifts made, after December 31, 2008.

12 **SEC. 4. COORDINATED REDUCTION IN MAXIMUM RATE OF**
 13 **TAX WITH TERMINATION OF DEDUCTION FOR**
 14 **STATE DEATH TAXES.**

15 (a) PHASEIN OF REDUCTION IN MAXIMUM RATE.—

16 (1) IN GENERAL.—The table in subparagraph
 17 (B) of section 2001(c)(2) of the Internal Revenue
 18 Code of 1986 (relating to maximum rate) is amend-
 19 ed to read as follows:

“In calendar year:	The maximum rate is:
2009	45 percent
2010	44 percent
2011	43 percent
2012	42 percent
2013	41 percent
2014	40 percent
2015	39 percent
2016	38 percent
2017	37 percent
2018	36 percent
2019 or thereafter	35 percent.”.

1 (2) CONFORMING AND TECHNICAL AMEND-
2 MENTS.—

3 (A) Section 2001(c)(2)(A) of such Code is
4 amended by striking “after 2002 and before
5 2010” and inserting “after 2008”.

6 (B) Section 2001(c)(2)(A)(ii) of such Code
7 is amended by striking “subparagraph (A)” and
8 inserting “clause (i)”.

9 (b) PHASEOUT OF DEDUCTION FOR STATE DEATH
10 TAXES.—Section 2058 of the Internal Revenue Code of
11 1986 (relating to deduction for State death taxes) is
12 amended by adding at the end the following:

13 “(c) PHASEOUT.—

14 “(1) IN GENERAL.—In the case of estates of
15 decedents dying in a calendar year beginning after
16 December 31, 2008, the deduction under subsection
17 (a) shall be equal to the applicable percentage of the
18 amount which would (but for this subsection) be the
19 amount of such deduction.

20 “(2) APPLICABLE PERCENTAGE.—For purposes
21 of paragraph (1), the applicable percentage shall be
22 determined in accordance with the following table:

“In the case of taxes paid in cal- endar year:	The applicable percentage is:
2009	100 percent
2010	90 percent
2011	80 percent
2012	70 percent
2013	60 percent

“In the case of taxes paid in cal- endar year:	The applicable percentage is:
2014	50 percent
2015	40 percent
2016	30 percent
2017	20 percent
2018	10 percent
2019 or thereafter	0 percent.”.

- 1 (c) EFFECTIVE DATE.—The amendments made by
- 2 this section shall apply to estates of decedents dying, and
- 3 gifts made, after December 31, 2008.

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