

BILL ANALYSIS

Senate Research Center
79R5020 PJR-D

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Finance
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Hardworking American women and men spend their lifetime saving to provide for their children and grandchildren, paying taxes all the while, and just when the purpose of that saving is about to be realized, families find that between 37 percent and 55 percent of their after-tax savings are lost to the federal death tax.

The death tax, which includes both estate and gift taxes and the tax on generation-skipping transfers, was not permanently eliminated but only temporarily phased out by the 107th Congress when it passed the Economic Growth and Tax Relief Reconciliation Act in June 2001.

Women and minorities very often are owners of small and medium-sized businesses, and the death tax prevents their children from reaping the rewards of a lifetime spent by parents trying to make a better life for their families.

Similarly, farmers and other family business owners will face the potential loss of their farms and businesses if the federal government resumes the heavy taxation of citizens at their death.

Employees suffer the loss of their jobs when small and medium-sized businesses are liquidated to pay death taxes, while the unemployed and those newly entering the workforce suffer because high capital costs depress the number of new businesses that could offer them a job.

If the death tax had been repealed in 1996, the United States economy would have averaged as much as \$11 billion in extra output per year over the following nine years and also would have created an average of 145,000 additional new jobs per year.

In addition, the persistent uncertainty created by the sunset provision in the federal law prevents families and small businesses from taking advantage of the temporary repeal.

Having repeatedly been passed by both the U.S. House of Representatives and the U.S. Senate, legislation eliminating the death tax has enjoyed wide bipartisan support, as shown by passage of the Economic Growth and Tax Relief Reconciliation Act just four years ago.

The Family Heritage Preservation Act, which already has garnered 111 cosponsors in the U.S. House of Representatives and was referred to the House Committee on Ways and Means on January 4, 2005, proposes to repeal the federal death tax, including the estate and gift taxes and the tax on generation-skipping transfers.

RESOLVED

That the 79th Legislature of the State of Texas hereby respectfully urge the Congress of the United States to support H.R. 64, the Family Heritage Preservation Act, and work toward passage of an immediate and permanent repeal of the death tax.

That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, and to all the members of the Texas delegation to the congress with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.