

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SM 1560

SPONSOR: Senator Jones

SUBJECT: Repeal of Death Tax

DATE: March 20, 2003

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Fournier	Kassack	RC	Favorable
2.				
3.				
4.				
5.				
6.				

## I. Summary:

Senate Memorial 1560 urges Congress permanently to repeal the death tax.

## II. Present Situation:

The United States Congress enacted the Economic Growth and Tax Relief Reconciliation Act of 2001, which gradually reduced and eventually repealed the federal estate tax, which was referred to in the Act as the “death tax”. At the federal level, the tax is reduced to 45 percent in 2007, and the exemption is gradually increased to \$3.5 million in 2009. In 2010, the estate tax is repealed, but the Act contains a sunset in 2011 for all provisions, which causes them to revert to their situation prior to passage of the Act.

The Act also phased out and repealed the credit allowed against the federal estate tax for state estate taxes. This repeal was on a much shorter timetable with the state credit fully eliminated by 2005.

## III. Effect of Proposed Changes:

Senate Memorial 1560 requests the Congress of the United States to support, work to pass, and vote for the immediate and permanent repeal of the death tax.

## IV. Constitutional Issues:

### A. Municipality/County Mandates Restrictions:

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. Other Constitutional Issues:**

Section 5.(a) of Art. VII of the Florida Constitution specifically prohibits any tax upon estates or inheritances in excess of the aggregate of amounts which may be allowed to be credited upon or deducted from any similar tax levied by the United States or any state. This provision, in conjunction with permanent repeal of the federal estate tax, would preclude any tax upon estates or inheritances in Florida.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

Estates will not be subject to tax in Florida if the federal estate tax is repealed permanently.

**C. Government Sector Impact:****VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.