CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 2, 2001

H.R. 8
Death Tax Elimination Act of 2001

As ordered reported by the House Committee on Ways and Means on March 29, 2001

SUMMARY

H.R. 8 would phase out estate, gift, and generation-skipping taxes over a nine-year period beginning in fiscal year 2002. The bill would modify the provisions of current law that allow property passed from a decedent's estate to take a stepped-up basis. The bill also would modify the rules governing generation-skipping transfer taxes and expand the estate tax rule for conservation easements. H.R. 8 would expand the availability of the installment method of payment of the estate tax for the estates of decedents with an interest in a closely-held business. In addition, the bill would require the executor of the estate to furnish additional information to the Internal Revenue Service (IRS) with respect to certain transfers at death and gifts. The Congressional Budget Office and the Joint Committee on Taxation (JCT) estimate that the bill would reduce revenues by $4 million in fiscal year 2002, by about $41 billion over the 2002-2006 period, and by about $186 billion over the 2002-2011 period. Because the bill would affect receipts, pay-as-you-go procedures would apply.

H.R. 8 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 8 is shown in the following table.

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
CHANGES IN REVENUES					
Estimated Revenues	-4	-7,029	-9,100	-11,324	-13,114

BASIS OF ESTIMATE

With the exception of the following, all estimates of the revenue effects of H.R. 8 were provided by JCT.

H.R. 8 would require the executor of an estate, or the trustee of a revocable trust, to report certain information to the IRS and to the recipients of property from the estate or trust. An individual who fails to provide the information would be subject to certain penalties. Based on information from the IRS, CBO estimates that such penalties would be negligible.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays	Not applicable										
Changes in receipts	0	-4	-7,029	-9,100	-11,324	-13,114	-14,869	-19,823	-27,383	-33,690	-49,228

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 8 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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