

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> 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.

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## 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

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## 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6 hereby repealed: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:

<b>“In the case of estates of decedents dying during:</b>	<b>The applicable exclusion amount is:</b>
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           (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:

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

<b>“In the case of taxes paid in calendar year:</b>	<b>The applicable percentage is:</b>
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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