



H.R. 1105—Death Tax Repeal Act of 2015 (Brady, R-TX)

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FLOOR SCHEDULE: [H.R. 1105](#) IS EXPECTED TO BE CONSIDERED ON APRIL 16, 2015 UNDER [CLOSED RULE](#) THAT PROVIDES ONE HOUR OF DEBATE.

TOPLINE SUMMARY: This bill would repeal the federal estate tax, more often referred to as the death tax.

CONSERVATIVE SUPPORT: H.R. 1105 is an RSC Initiative and Chairman Flores encourages RSC Members to support the bill. Many conservatives consider the death tax to be one of the most unfair aspects of the federal tax code and have long advocated for its repeal.

- **Expand** the Size and Scope of the Federal Government?: No
- **Encroach** into State or Local Authority?: No
- **Delegate** Any Legislative Authority to the Executive Branch?: No
- **Contain** Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No

DETAILED SUMMARY AND ANALYSIS: The bill would repeal the estate tax and generation skipping transfer taxes. The bill would also set the top gift tax rate at 35 percent. An amendment added in the Rules Committee would exclude the budgetary effects of the bill from being included in the [Statutory-Pay-As-You-Go Scorecard](#).

The estate tax, often called the death tax, is a tax on property and assets transferred at the time of a person's death. The 2012 [Fiscal Cliff deal](#) permanently set the death tax at a 40-percent rate. In 2015, \$5.43 million is exempted and this level is indexed for inflation each year. The 2001 [Bush tax cuts](#) significantly reduced the death tax rate and finally eliminated for 2010. The [2010 extension of the Bush tax cuts](#) set the death tax at a 35 percent rate with a \$5 million exemption for 2011 and 2012.

- **The death tax breaks up family businesses and farms.** A 2012 Joint Economic Committee (JEC) [report](#) called the death tax the “an overwhelming cause of the dissolution of family businesses.” The death tax hurts family businesses and farms the most because they often do not have the liquid assets to meet the tax liability. Often the only option is to sell or break up the family business or farm to pay the Internal Revenue Service.
- **Americans overwhelmingly support repealing the death tax.** A 2006 [study](#) surveying multiple public opinion polls found that Americans consistently and overwhelmingly support repealing the death tax, with 60, 70, or 80 percent of respondents in favor of repeal.
- **The death tax has cost the U.S. economy more than \$1 trillion in lost economic activity.** Since its inception in 1916, the death tax has cost the U.S. economy an estimated \$1.1 trillion, or 3.2 percent of capital stock -

COST: The Congressional Budget Office (CBO) [estimates](#) that H.R. 1105 would reduce revenues by about \$269 billion over the 2015 – 2025 period.

the amount of resources in the economy - [according](#) to the JEC. Because the tax breaks up strong, multi-generational family businesses, it hinders overall economy growth while hurting families across the nation.

- **Repealing the death tax would create jobs and grow the economy.** According to the Tax Foundation, [repealing](#) the death tax would create 139,000 jobs and increase U.S. capital stock by 2.2 percent.
- **Repealing the death tax protects America's land for future generations.** Many landowners are land-rich but don't have liquid assets – i.e. cash - with which to pay the Internal Revenue Service's steep tax rate. Ending this unfair tax protects families from selling natural resources or subdividing land that they have stewarded for years, according to a study by the [Reason Foundation](#).
- **Repealing the death tax would move us toward a pro-growth tax code that helps American families.** Ending this harmful tax that hurts family farms and businesses would lead the way for a more common-sense, pro-growth tax code.
- **America's death tax rate is the fourth highest among developed countries.** Among developed countries in the Organization for Economy Cooperation and Development (OECD), American has the [fourth highest](#) death tax rate, with only Japan, South Korea and France boasting higher rates. The average OECD nation has a 15 percent inheritance tax rate, whereas the U.S. rate is a staggering 40 percent.
- **More countries have been moving toward abolishing the death tax altogether.** Since 2000, 11 countries have repealed their inheritance tax, including Sweden and Norway. Fifteen OECD countries have no death tax at all.
- **Unless we act now, President Obama and his liberal allies will take America in the wrong direction.** President Obama proposed [a second death tax](#) in his fiscal year 2016 budget that would effectively create a second death tax. The president would have raised the U.S. death tax rate to nearly 60 percent – higher than any other developed nation.

OUTSIDE GROUPS:

Key Vote Support:

[Americans for Prosperity](#)

[GenOpp](#)

[Heritage Action](#)

[National Taxpayers Union](#)

Conservative Group Support:

[AMAC – Association of Mature American Citizens](#)

[American Business Defense Council](#)

[American Commitment](#)

[American Values](#)

[ATR – Americans for Tax Reform](#)

[Campaign for Liberty](#)

[CEI – Competitive Enterprise Institute](#)

[Center for Freedom and Prosperity](#)

[Council for Citizens Against Government Waste](#)

[Free Congress Action](#)

[Less Government](#)

[Let Freedom Ring](#)

[National Tax-Limitation Committee](#)

[R Street Institute](#)

[Taxpayer Protection Alliance](#)

[The American Civil Rights Union](#)

[The American Conservative Union](#)

[The Club for Growth](#)

Business and Agriculture Group Support:

[ABC – Association Builders and Contractors, Inc.](#)
[ABL – American Beverage Licensees](#)
[AED – Associated Equipment Distributors](#)
[AFS – American Foundry Society](#)
[AGCA – Association General Contractors of America](#)
[American Council of Engineering Companies](#)
[American Farm Bureau Federation](#)
[American International Automobile Dealers Association](#)
[American Loggers Council](#)
[AMT – The Association for Manufacturing Technology](#)
[ARA – Agricultural Retailers Association](#)
[ARSA – Aeronautical Repair Station Association](#)
[ASA – American Supply Association](#)
[ATA – American Trucking Association](#)
[Auto Care Association](#)
[AWMA – American Wholesale Marketers Association](#)
[AWRF – Association Wire Rope Fabricators](#)
[Comporium Group](#)
[Financial Executives International](#)
[FMI – Food Marketing Institute](#)
[Forest Landowners](#)
[Forest Landowners Tax Council](#)
[HARDI – Heating, Air-conditioning, & Refrigeration Distributors International](#)
[Hardwood Federation](#)
[HLF – Hispanic Leadership Fund](#)
[IAPD – International Association of Plastics Distribution](#)
[IFA – International Franchise Association](#)
[IFDA – International Foodservice Distributors Association](#)
[IHA – International Housewares Association](#)
[Independent Community Bankers of America](#)
[Independent Electrical Contractors](#)
[Irrigation Association](#)
[ISA – Industrial Supply Association](#)
[ISA – International Sign Association](#)
[ISSA – The Worldwide Cleaning Industry Association](#)
[MCAA – Mason Contractors Association of America](#)
[MHEDA – Materials Handling Equipment Distributors Association](#)
[NAED – National Association of Electrical Distributors](#)
[NAHAD – The Association for Hose and Accessories](#)
[NAMI – North American Meat Institute](#)
[National Association of Home Builders](#)
[National Association of Manufacturers](#)
[National Association of Shell Marketers](#)
[National Association of Wholesaler-Distributors](#)
[National Automobile Dealers Association](#)
[National Beer Wholesalers Association](#)
[National Cattlemen’s Beef Association](#)

[National Cotton Council](#)
[National Council of Farmer Cooperatives](#)
[National Federation of Independent Business](#)
[National Golf Course Owners Association](#)
[National Grange](#)
[National Milk Producers Federation](#)
[National Newspaper Association](#)
[National Office Furniture Dealers Alliance](#)
[National Office Products Alliance](#)
[National Peach Council](#)
[National Pork Producers Council](#)
[National Potato Council](#)
[National Renderers Association](#)
[National Restaurant Association](#)
[National Roofing Contractors Association](#)
[National Sorghum Producers](#)
[National Tooling and Machining Association](#)
[National Turkey Federation](#)
[NBCC – National Black Chamber of Commerce](#)
[NCA – National Confectioners Association](#)
[NECA – National Electrical contractors Association](#)
[NFDA – National Funeral Directors Association](#)
[NIA – National Insulation Association](#)
[NLBMDA – National Lumber and Building Material Dealers Association](#)
[North American Die Casting Association](#)
[NPES – The Association for Suppliers of Printing, Publishing and Converting Technologies](#)
[NPGA – National Propane Gas Association](#)
[NSBA – National Small Business Association](#)
[PBA – Professional Beauty Association](#)
[PHCC – Plumbing-Heating-Cooling Contractors Association](#)
[PMAA – Petroleum Marketers Association of America](#)
[Precision Machined Products Association](#)
[Precision Metalforming Association](#)
[Printing Industries of America](#)
[Professional Rodeo Cowboys Association](#)
[Public Lands Council](#)
[SBE – Small Business & Entrepreneurship Council](#)
[Silver Users Association](#)
[Southeastern Lumber Manufacturers Association](#)
[SSDA – Service Station Dealers of America and Allied Trades](#)
[TIA – Tire Industry Association](#)
[TRALA – Truck Renting and Leasing Association](#)
[U.S. Chamber of Commerce](#)
[U.S. Sweet Potato Council](#)
[United Fresh Produce Association](#)
[United Producers, Inc.](#)
[United States Cattlemen’s Association](#)
[USA Rice Federation](#)
[WDMA – Window & Door Manufacturers Association](#)

[Western Growers Association](#)

[Wine & Spirit Wholesalers of America](#)

[WMDA – Service Station & Automotive Repair Association](#)

[WMIA – Woodworking Machine Industry Association](#)

COMMITTEE ACTION: The bill was introduced on February 26, 2015, and referred to the House Committee on Ways and Means. On March 25, 2015, the Committee marked up and reported the bill by a [22 – 10](#) vote. The Committee Report can be found [here](#).

ADMINISTRATION POSITION: According to the [Statement of Administration Policy](#), “if the President were presented with H.R. 1105, his senior advisors would recommend that he veto the bill.”

CONSTITUTIONAL AUTHORITY: “Congress has the power to enact this legislation pursuant to the following: Article I, Section 8 of the United States Constitution, which gives Congress the authority “to lay and collect taxes, duties, imposts and excises . . .”

H.R. 622—State and Local Sales Tax Deduction Fairness Act of 2015 (Brady, R-TX)

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FLOOR SCHEDULE: [H.R. 622](#) IS EXPECTED TO BE CONSIDERED ON APRIL 16, 2015 UNDER [CLOSED RULE](#) THAT PROVIDES ONE HOUR OF DEBATE.

TOPLINE SUMMARY: This bill would permanently allow taxpayers to deduct state and local sales taxes in lieu of state and local income taxes.

CONSERVATIVE CONCERNS: Some conservatives [believe](#) that deductions for state and local taxes subsidize states with high tax burdens. Other conservatives [argue](#) that allowing the deduction of state and local sales taxes to expire would punish taxpayers that live in states without an income tax. They argue that making this deduction permanent would provide fairness for taxpayers in states without a state income tax.

- **Expand** the Size and Scope of the Federal Government?: No
- **Encroach** into State or Local Authority?: No
- **Delegate** Any Legislative Authority to the Executive Branch?: No
- **Contain** Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No

DETAILED SUMMARY AND ANALYSIS: The deduction for state and local income taxes paid from their federal taxable income is a permanent provision of the tax code.

In addition to the permanent deduction for state and local income taxes, taxpayers can choose to instead deduct state and local sales taxes. However, this temporary provision that must be reauthorized in the annual [tax-extenders bills](#). This provision was most recently extended through 2014 by the [Tax Increase Prevention Act of 2014](#).

In 2012, 10.5 million taxpayers took a deduction for sales taxes paid. Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming [have no state income taxes](#). A table showing the percentage of taxpayers in each state that claimed the deduction for state and local sales taxes in 2012 can be found [here](#).

An amendment added in the Rules Committee would exclude the budgetary effects of the bill from being included in the [Statutory-Pay-As-You-Go Scorecard](#).

COMMITTEE ACTION: The bill was introduced on January 30, 2015, and referred to the House Committee on Ways and Means. On February 12, 2015, the Committee [marked up](#) and reported the bill by a 22 – 14 vote. The Committee Report can be found [here](#).

ADMINISTRATION POSITION: According to the [Statement of Administration Policy](#), “if the President were presented with H.R. 622, his senior advisors would recommend that he veto the bill.”

COST: The Congressional Budget Office (CBO) [estimates](#) that H.R. 622 would reduce revenues by \$42 billion over the 2015 - 2025 period. This is compared to the current law baseline that assumes the state and local sales tax deduction extender would be allowed to expire.

CONSTITUTIONAL AUTHORITY: "Congress has the power to enact this legislation pursuant to the following: Article I, Section 8 of the United States Constitution, which gives Congress the authority "to lay and collect taxes, duties, imposts and excises . . .'"

NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

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