

ALASKA STATE LEGISLATURE

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Resolution Urging Federal Estate Tax Repeal Headed to Congress

Juneau – The Alaska House of Representatives today passed House Resolution (HR) 7, urging the federal government to permanently repeal the federal estate tax. The resolution, sponsored by the House Rules Committee by request of the Joint Legislative Budget & Audit Committee, asks the U.S. Congress to permanently repeal the “death tax” before its scheduled reinstatement in 2011. Under the Economic Growth & Tax Relief Reconciliation Act of 2001 the estate tax rate gradually declined and the exemption amount increased from 2002 to 2009. In 2010, the tax is to be completely eliminated. However, in 2011, unless Congress has acted to make the repeal permanent, the tax will be reinstated at rates ranging from 41 percent to 60 percent on net assets of more than \$1 million.

“It is grossly unfair to tax a person’s income and assets after their death, especially after the government has been collecting taxes year after year on that same income and those same assets while they were alive,” said Representative Ralph Samuels, R-Anchorage, and the LB&A Chairman. “We in the House are urging the federal government to permanently repeal this death tax.”

“This policy debate really highlights the difference in political philosophy on this issue,” said Representative Craig Johnson, R-Anchorage. “Repealing the tax can and should lead to getting the money out of the hands of the government and into the economy where it can be of better use. If people invest the money, that’s a good thing. That leads to jobs, people going to work, more investment, and keeps the money circulating.”

The resolution states that “there is a fundamental problem of double taxation when a decedent’s survivors are forced to pay an inheritance tax on assets acquired by the decedent with after-tax dollars... we need a tax system that encourages lifelong saving, investment, and business activity, and not one that can result in heirs liquidating or selling family businesses that are often asset rich but cash poor, thereby destroying those ongoing job-producing businesses simply to fund increased government consumption.”

Copies of HR 7 will be prepared and submitted to President George W. Bush, Vice President Dick Cheney, U.S. Senate Majority Leader Harry Reid, Senate Minority Leader Mitch McConnell, Speaker of the U.S. House Nancy Pelosi, House Minority Leader John Boehner, the members of Alaska’s congressional delegation and all other members of the 110th U.S. Congress.

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