

HJR

35

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HJR 35
 (H) Publish Date: 1/30/02

Revision Date/Time (Note if correction): _____ Dept. Affected: LAA
 Title: Relating to urging the United States Congress BRU: _____
 to amend the tax code to repeal the de Component: _____
 Sponsor: Representative James Component Number: _____
 Requester: H(STA)

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution has no fiscal impact on state spending.

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Phone 465-3719

Representative John Coghill
Committee Chair, House State Affairs

Date 1/25/02

Overview of the Economic Growth and Tax Relief Reconciliation Act of 2001

Provision	Present Law	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Rates											
	39.6%	39.1%	38.6%		37.6%		35% Fully Effective				
	36.0%	35.5%	35.0%		34.0%		33% Fully Effective				
	31.0%	30.5%	30.0%		29.0%		28% Fully Effective				
	28.0%	27.5%	27.0%		26.0%		25% Fully Effective				
	15.0%	10% for First \$6,000 of income for Singles and \$12,000 for Married Couples Remaining portion of 15-Percent Bracket Unchanged							Raise Bracket Threshold to \$7,000 and \$14,000	Index Thresholds for Inflation	
Marriage Penalty Relief											
Standard Deduction		NO CHANGE				Gradually Increase Standard Deduction for Married Couples			Twice Single Level Fully Effective		
15-Percent Bracket		NO CHANGE				Gradually Increase 15-Percent Bracket for Married		Twice Single Level Fully Effective			
Child Credit	\$500	\$600			\$700			\$800	\$1,000 Fully Effective		
Personal Exemption Limitation Repeal		NO CHANGE				Phase-in Period				Repeal	
IRA Limit	\$2,000	NO CHANGE	\$3,000			\$4,000		\$5,000	Index \$5,000 for Inflation		
AMT Exemption	\$33,750 Single \$45,000 Married	\$35,750 Single \$49,000 Married				\$33,750 Single \$45,000 Married					
Estate Tax											
Top Rate	55%	NO CHANGE	50%	49%	48%	47%	46%	45%		Repeal	
Exemption	\$675,000	NO CHANGE	\$1 million		\$1.5 million		\$2 million		\$3.5 million	Repeal	

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

SPONSOR STATEMENT HJR 35

Title: Relating to urging the United States Congress to amend the tax code to permanently repeal the death tax

HJR 35 requests that Alaska's Congressional delegation "support, work to pass, and vote for the permanent repeal of the death tax."

Since 1996 Congress has voted twice to repeal this 85-year-old tax. HR 8 was passed in 2001, sponsored by Congresswoman Jennifer Dunn (R-WA) and enjoyed broad, bi-partisan support. Currently, there are four pieces of legislation being considered by the House of Representatives to repeal the tax.

Congresswoman Dunn and Congressman John Tanner (D-TN) have been working jointly on a permanent repeal of the Estate Tax. Under current tax law as provided in HR 8, the tax will be phased out completely by 2010, but the phase out will sunset in 2011.

There is significant economic evidence to support the repeal of this regressive tax. A study completed by William W. Beach, a John M. Olin Fellow in Economics, has shown this tax disproportionately hurts:

- ◇ Women & minorities
- ◇ Farmers
- ◇ Workers
- ◇ Low-income people
- ◇ Small Businesses

Further, this same study found that this tax is more costly to collect than the revenue it generates. A 1994 analysis clearly demonstrated that "total compliance costs (including economic disincentives) amount to 65 cents for every dollar collected." The additional compliance costs means that in 2000 the \$27.8 billion collected actually cost the American taxpayers \$36.4 billion.

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House of Representatives
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MEMORANDUM

TO: Sen. Gene Therriault, Chairman – Senate State Affairs Committee
FROM: Rep. Jeannette James, Majority Leader
DATE: 2/05/02
RE: Hearing schedule for HJR 35 – “Relating to urging the United States Congress to permanently repeal the Estate Tax”

Please consider this a formal request to schedule HJR 35 for a committee hearing. I realize that it may be some time before you are regularly hearing House bills. I would appreciate it being scheduled at your convenience.

JJ/heh