

SJR

14

ALASKA STATE LEGISLATURE

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Senator_Charlie_Huggins@legis.state.ak.us

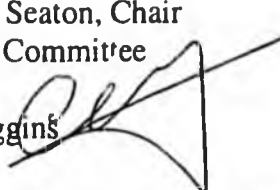


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Charlie Huggins
Senator

April 13, 2005

To: Representative Paul Seaton, Chair
House State Affairs Committee

From: Senator Charlie Huggins 

Subject: Request to Schedule SJR 14 for a hearing

I respectfully request the scheduling of SJR 14, "Urging the United States Congress to amend the tax code to permanently repeal the federal estate and generation-skipping transfer tax," for a hearing before your committee as soon as possible.

Thank you for your consideration of this request.

Attachments

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SJR 14
 (S) Publish Date: 3/23/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Repeal federal estate and GST tax RDU: Revenue Programs and Services
 Component: Tax
 Sponsor: Senator Huggins, Therriault
 Requester: _____ Component No.: 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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 ()	0.0	0.0	0.0	0.0	0.0	0.0
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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—Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution requests Congress to permanently repeal the federal estate and generation skipping transfer tax. Alaska's estate tax (AS 43.31) is based upon the state death tax credit allowed under federal law. In 2001, Congress changed the Internal Revenue Code to phaseout the state death tax credit by 12/31/2004. Since Alaska's estate tax was effectively reduced to zero by the change in federal law, permanent repeal of the federal estate tax will have no fiscal impact to general fund revenue.

Prepared by: Mike Williams, Revenue Auditor Phone: (907) 269-6632
 Division: Tax Division Date/Time: 3/22/05 1:58 PM
 Approved by: Jerry Burnett, Special Assistant to the Commissioner Date: 3/22/2005
 Agency: Department of Revenue

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Charlie Huggins Senator

4/13/05

Sponsor Statement

SJR 14 – Urging the United States Congress to amend the tax code to permanently repeal the federal estate and generation-skipping transfer tax.

SJR 14 urges Congress to permanently repeal the estate tax, commonly known as the death tax, on inherited estates.

There is a fundamental problem with people accumulating assets with income that has already been taxed, then requiring their survivors to pay taxes on those assets again through an inheritance tax. The tax is unfair, first of all, to the decedent and to his or her heirs. We are talking about people who work hard throughout their lives, perhaps start businesses, or buy homes or property where real estate values are skyrocketing, and then the heirs are left, in some instances, with not enough cash to pay the applicable tax so they are forced to liquidate the family business, farm, or home.

In 2001 Congress, working with President Bush, enacted bipartisan legislation, under the Economic Growth and Tax Relief Reconciliation Act of 2001, to phase out and eventually repeal the death tax until 2010. At that time they did not have the votes to make the repeal permanent so under Senate rules, the cuts could only be extended for the term of the budget, which is 10 years. Therefore in 2010 the estate tax is repealed, however it springs back to life in 2011 at its old rate of 55 percent and at an exemption level of only \$1 million dollars.

President Bush has included the permanent repeal of the estate tax in his Fiscal Year 2006 budget proposal. Legislation has also been introduced this year in the U.S. Senate and U.S. House to permanently repeal the estate tax.

With passage of this legislation we will offer our support to Congress to act this year ending this tax on virtue, work, savings, job creation and the American dream.

Contact Information – Deborah Grundmann 465-4711



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: Senator Charlie Huggins
Current Version: SJR 14
Contact: Deb Grundmann, 465-4711

Fact Sheet for: Senate Joint Resolution 14

Short Title: REPEAL FEDERAL ESTATE TAX

Summary:

- Urges the United States Congress to permanently repeal the federal estate and generation-skipping transfer tax.

Benefits:

- Allows farmers and small business owners to bequeath farms and businesses that would otherwise be sold if the estate tax were in effect.
- Gives working families the opportunity to accumulate hard -earned wealth.
- Prevents layoffs when small and medium sized businesses are liquidated to pay estates taxes.

Background:

- In 2001, the United States Congress passed tax legislation to phase out and temporarily repeal the estate and generation-skipping transfer tax. SJR 14 urges Congress to make the repeal permanent. Estate taxes prevent families from building lasting wealth and forces businesses to liquidate and layoff employees. Farmers typically sell off family farms to pay estate taxes. If the estate tax had been repealed in 1996, billions of dollars would have been generated and 145,000 new jobs nationwide would have been created. If passed, SJR 14 will be forwarded to members of congress.



ALASKA

National Federation of Independent Business

Statement of Support

of SJR 14

Permanent Repeal of Death Tax

April 12, 2005

The Alaska Chapter of the National Federation of Independent Business has 2,500 members, making it the largest small-business advocacy group in the state.

NFIB was very actively involved at the federal level in getting a law passed in 2001 to repeal the Death Tax. The repeal is phased in to finally accomplish total repeal by 2010. However, that legislation will sunset on December 31, 2010. SJR 14 calls for the death tax to be permanently repealed.

Some people think the Death Tax only hits the super-rich. Often the victims hardest hit by the Death Tax are middle-class hard-working Americans ... small business owners and their employees. Originally intended to prevent the concentration of wealth that worried our founding fathers and later intended to raise revenue during wartime, the Death Tax in its current form is destructive to America's entrepreneurs. In addition to the tax itself, thousands of small businesses are impacted each year by expensive fees paid to attorneys, accountants and life insurers necessary to prepare for an eventual Death Tax debt.

The legislative agenda of NFIB for state and federal issues is determined by ballot. The ballot is a poll of the membership on a series of issues. Ballot results have shown that **89 percent of NFIB members favor full and total repeal of the Death Tax.**

NFIB/Alaska urges support for SJR 14.

Submitted by Thyce Shaub on behalf of NFIB/Alaska.

Distributed
by Sen. Huggins

KEY VOTE

National Federation of Independent Business Key Vote

Vote YES on SJR 14

Permanent Repeal of Death Tax

April 18, 2005

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NFIB/Alaska asks for your support of SJR 14.

Submitted by Thyes Shaub on behalf of NFIB/Alaska.