

FISCAL NOTE

HB 1127 - SB 1611

March 1, 1999

SUMMARY OF BILL: Repeals the current inheritance and estate taxes in Title 67, Chapter 8, Parts 2 through 4, and replaces them with an inheritance tax which will be part of Title 67, Chapter 8, Part 8. Existing law levies both an inheritance and estate tax. This bill will levy only an inheritance tax, which will be equal to the federal state death tax credit. The effective date on the bill is January 1, 2000 and shall apply to estates of decedents dying on or after that date. However, the bill provides for the retention of existing law for estates of decedents dying on or before December 31, 1999.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$1,300,000 FY00-01

Increase State Expenditures - \$26,600 One-Time

Other Fiscal Impact - The amount of decrease in state revenues would decline each year as the federal unified credit increases, since the state's inheritance tax would be equal to the federal death tax credit for states

Based on information provided by the Department of Revenue, returns for estates filed in 1998 were utilized to determine the number of estates filed with gross estates between \$1,200,000 and \$5,500,000. Only estates in this range are currently paying inheritance tax. All other estates are paying estate tax. Revenue loss will only be experienced in estates currently paying inheritance tax only. The decrease in state revenues is estimated to be \$1,300,00 in FY00-01 and would decrease each year thereafter as the federal death tax credit increases each year. Estimate further assumes a one-time increase in state expenditures of \$26,600 for MIS system implementation costs and design of a new inheritance tax return form.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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