

## Reduce estate tax threshold or double current estate tax rates

**Description** This proposal would either lower the estate tax threshold or double the estate tax rate.

- **Option 179** - Reduce the estate tax threshold to \$1 million.
- **Option 180** – Reduce the estate tax threshold to \$1.5 million.
- **Option 181** - Double the current estate tax rates (increases from 10% & 19% to 20% & 38%).

**Current Law** In 2005, the Legislature established an estate tax and dedicated collections to education (the Education Legacy Account).

- The estate tax filing threshold was \$1.5 million for deaths occurring before January 1, 2006, and is \$2 million for all deaths thereafter.
- A deduction is provided for farmland and farm equipment.
- The rate structure is progressive with tax rates from 10 to 19%.

**Revenue Impact**

Impacts (\$ millions):

Option	Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
179	\$0	\$0	\$0
180	\$0	\$0	\$0
181	\$0	\$0	\$0

*Notes:*

- *Estate taxes are deposited in the Education Legacy Account.*
- *Estimates assume a January 1, 2013 effective date.*
- *Estate tax is due nine months after date of death, so the first payments would be due October 1, 2013.*
- *Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.*

**Expenditure Impact**

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
TBD	TBD	TBD