

Ms. KAPTUR, Mr. CUMMINGS, Mr. PASCRELL, Mr. MURTHA, Mr. FLNER, Mr. PAYNE, Mr. GILMAN, Mr. JACKSON of Illinois, and Mr. WALSH.

H.R. 3100: Mr. BASS, Mr. McHUGH, and Mr. HILLIARD.

H.R. 3105: Mr. KUCINICH and Ms. SCHAKOWSKY

H.R. 3110: Mrs. JOHNSON of Connecticut.

H.R. 3144: Ms. SANCHEZ, Mr. BALDACCI, Mr. STARK, and Mr. McINTYRE.

H.R. 3150: Mr. BONIOR and Mr. NADLER.

H.R. 3180: Mr. NEY.

H.J. Res. 48: Mr. BLILEY and Mr. HOFFFEL.

H.J. Res. 53: Mr. BALLENGER, Mr. EWING, and Mr. STEARNS.

H.J. Res. 70: Mr. HEFLEY and Mr. MALONEY of Connecticut.

H. Con. Res. 115: Mr. DOYLE.

H. Con. Res. 193: Mr. PETRI.

H. Con. Res. 199: Mr. ADERHOLT.

H. Res. 187: Mr. TIERNEY.

H. Res. 254: Mr. LAHOOD, Mrs. LOWEY, and Mr. PHELPS.

H. Res. 320: Mr. SHIMKUS, Mr. PHELPS, Mr. WELLER, Mr. HYDE, Mr. GUTIERREZ, Mrs. BIGGERT, and Mr. BLAGOJEVICH.

H. Res. 325: Mr. REYES and Mr. RUSH.

H. Res. 347: Ms. DELAURO, Mr. HOLDEN, Mrs. MCCARTHY of New York, Mrs. MORELLA, Mr. FRANK of Massachusetts, Mr. UNDERWOOD, Mr. THOMPSON of California, Mr. TIERNEY, and Mr. KLINK.

#### DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 2915: Mr. LARGENT.

H. Res. 298: Mr. MANZULLO.

#### AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 3081

OFFERED BY: Ms. BERKLEY

AMENDMENT NO. 1: In section 274(n)(4)(A) of the Internal Revenue Code of 1986, as proposed to be added by section 203 of the bill, strike "55 percent" and insert "75 percent" and strike "60 percent" and insert "100 percent".

H.R. 3081

OFFERED BY: Mr. TERRY

AMENDMENT NO. 2: Strike subtitle A of title V and insert the following new subtitle (and conform the table of contents accordingly):

**Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death**

**SEC. 501. REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES.**

(a) IN GENERAL.—Subtitle B is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2008.

**SEC. 502. TERMINATION OF STEP UP IN BASIS AT DEATH.**

(a) TERMINATION OF APPLICATION OF SECTION 1014.—Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following:

“(f) TERMINATION.—In the case of a decedent dying after December 31, 2008, this sec-

tion shall not apply to property for which basis is provided by section 1022.”.

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking “and” at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting “; and”, and by adding at the end the following:

“(28) to the extent provided in section 1022 (relating to basis for certain property acquired from a decedent dying after December 31, 2008).”.

**SEC. 503. CARRYOVER BASIS AT DEATH.**

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following:

**“SEC. 1022. CARRYOVER BASIS FOR CERTAIN PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2008.**

“(a) CARRYOVER BASIS.—Except as otherwise provided in this section, the basis of carryover basis property in the hands of a person acquiring such property from a decedent shall be determined under section 1015.

“(b) CARRYOVER BASIS PROPERTY DEFINED.—

“(1) IN GENERAL.—For purposes of this section, the term ‘carryover basis property’ means any property—

“(A) which is acquired from or passed from a decedent who died after December 31, 2008, and

“(B) which is not excluded pursuant to paragraph (2).

The property taken into account under subparagraph (A) shall be determined under section 1014(b) without regard to subparagraph (A) of the last sentence of paragraph (9) thereof.

“(2) CERTAIN PROPERTY NOT CARRYOVER BASIS PROPERTY.—The term ‘carryover basis property’ does not include—

“(A) any item of gross income in respect of a decedent described in section 691,

“(B) property which was acquired from the decedent by the surviving spouse of the decedent but only if the value of such property would have been deductible from the value of the taxable estate of the decedent under section 2056, as in effect on the day before the date of the enactment of the Wage and Employment Growth Act of 1999, and

“(C) any includible property of the decedent if the aggregate adjusted fair market value of such property does not exceed \$2,000,000.

For purposes of this subsection, the term ‘adjusted fair market value’ means, with respect to any property, fair market value reduced by any indebtedness secured by such property.

“(3) LIMITATION ON EXCEPTION FOR PROPERTY ACQUIRED BY SURVIVING SPOUSE.—The adjusted fair market value of property which is not carryover basis property by reason of paragraph (2)(B) shall not exceed \$3,000,000. The executor shall allocate the limitation under the preceding sentence among such property.

“(4) PHASE-IN OF CARRYOVER BASIS IF PROPERTY EXCEEDS \$1,300,000.—

“(A) IN GENERAL.—If the aggregate adjusted fair market value of the includible property of the decedent exceeds \$1,300,000, but does not exceed \$2,000,000, the amount of the increase in the basis of includible property which would (but for this paragraph) result under section 1014 shall be reduced by the amount which bears the same ratio to such increase as such excess bears to \$700,000.

“(B) ALLOCATION OF REDUCTION.—The reduction under subparagraph (A) shall be allo-

cated among only the excepted includible property having net appreciation and shall be allocated in proportion to the respective amounts of such net appreciation. For purposes of the preceding sentence, the term ‘net appreciation’ means the excess of the adjusted fair market value over the decedent’s adjusted basis immediately before such decedent’s death.

“(5) INCLUDIBLE PROPERTY.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘includible property’ means property which would be included in the gross estate of the decedent under any of the following provisions as in effect on the day before the date of the enactment of the Wage and Employment Growth Act of 1999:

“(i) Section 2033.

“(ii) Section 2038.

“(iii) Section 2040.

“(iv) Section 2041.

“(v) Section 2042(1).

“(B) EXCLUSION OF PROPERTY ACQUIRED BY SPOUSE.—Such term shall not include property which is not carryover basis property by reason of paragraph (2)(B).

“(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.”.

(b) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—

(1) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—

(A) IN GENERAL.—Subparagraph (C) of section 1221(3) (defining capital asset) is amended by inserting “(other than by reason of section 1022)” after “is determined”.

(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: “For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(3)(C) for basis determined under section 1022.”.

(2) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:

“(47) EXECUTOR.—The term ‘executor’ means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent.”.

(3) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by adding at the end the following new item:

“Sec. 1022. Carryover basis for certain property acquired from a decedent dying after December 31, 2008.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2008.

**SEC. 504. REDUCTIONS OF ESTATE AND GIFT TAX RATES PRIOR TO REPEAL.**

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—

(1) IN GENERAL.—The table contained in section 2001(c)(1) is amended by striking the two highest brackets and inserting the following:

“Over \$2,500,000 ..... \$1,025,800, plus 50% of the excess over \$2,500,000.”.

(2) PHASE-IN OF REDUCED RATE.—Subsection (c) of section 2001 is amended by adding at the end the following new paragraph:

“(3) PHASE-IN OF REDUCED RATE.—In the case of decedents dying, and gifts made, during 2001, the last item in the table contained

in paragraph (1) shall be applied by substituting ‘53%’ for ‘50%.’”.

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2) and redesignating paragraph (3), as added by subsection (a), as paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as so amended, is amended by adding at the end the following new paragraph:

“(3) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2002 and before 2009—

“(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

“(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

“(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

“(B) PERCENTAGE POINTS OF REDUCTION.—

<b>“For calendar year: percentage points is:</b>	<b>The number of</b>
2003 .....	1.0
2004 .....	2.0
2005 .....	3.0
2006 .....	4.0
2007 .....	5.5
2008 .....	7.5.

“(C) COORDINATION WITH INCOME TAX RATES.—The reductions under subparagraph (A)—

“(i) shall not reduce any rate under paragraph (1) below the lowest rate in section 1(c), and

“(ii) shall not reduce the highest rate under paragraph (1) below the highest rate in section 1(c).

“(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c).”.

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2002.