

# Alaska State Legislature

Session:  
State Capitol  
Juneau, AK 99801  
Phone: (907) 465-2995  
Fax: (907) 465-6592



Interim:  
716 W 4<sup>th</sup> Avenue, Suite 300  
Anchorage, AK 99501-2133  
Phone: (907) 269-0250  
Fax: (907) 269-0249

## Representative Lesil McGuire

Chair, Judiciary Committee

### SPONSOR STATEMENT

#### HJR 7

**Title:** Relating to urging the United States Congress to amend the tax code to permanently repeal the estate and generation-skipping transfer tax

HJR 7 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.

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.