

116TH CONGRESS  
1ST SESSION

# S. 176

To amend the Internal Revenue Code of 1986 to reduce the rate of tax on estates, gifts, and generation-skipping transfers.

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IN THE SENATE OF THE UNITED STATES

JANUARY 17, 2019

Mr. COTTON (for himself, Mr. BOOZMAN, Mr. BLUNT, and Ms. ERNST) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to reduce the rate of tax on estates, gifts, and generation-skipping transfers.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Estate Tax Rate Re-

5 duction Act”.

6 **SEC. 2. REDUCTION OF RATE OF TAX ON ESTATES, GIFTS,**  
7 **AND GENERATION-SKIPPING TRANSFERS.**

8 (a) IN GENERAL.—Section 2001 of the Internal Rev-

9 enue Code of 1986 is amended—

1           (1) by striking subsection (c) and inserting the  
2 following:

3           “(c) RATE OF TAX.—For purposes of determining  
4 the tentative tax, the rate of tax shall be 20 percent of  
5 the amount with respect to which the tentative tax is com-  
6 puted.”; and

7           (2) in subsection (g)(1), by striking “rates of  
8 tax under subsection (c)” and inserting “rate of tax  
9 under subsection (c)”.

10          (b) CONFORMING AMENDMENTS.—

11           (1) Section 2056A(b)(2) of the Internal Rev-  
12 enue Code of 1986 is amended—

13           (A) in subparagraph (B)(i), by striking  
14 “highest”; and

15           (B) in subparagraph (C), by striking  
16 “highest”.

17           (2) Section 2107(a) of such Code is amended  
18 by striking “the table contained in” and inserting  
19 “the rate of tax under”.

20           (3) Section 2201(a) of such Code is amended  
21 by striking “the rate schedule set forth in section  
22 2001(c)” and inserting “the rate of tax under sec-  
23 tion 2001(c)”.

24           (4) Section 2641 of such Code is amended to  
25 read as follows:

1 **“SEC. 2641. APPLICABLE RATE.**

2 “For purposes of this chapter, the term ‘applicable  
3 rate’ means, with respect to any generation-skipping  
4 transfer, the product of—

5 “(1) the rate imposed by section 2001 on the  
6 estates of decedents dying at the time of the taxable  
7 distribution, taxable termination, or direct skip, as  
8 the case may be, and

9 “(2) the inclusion ratio with respect to the  
10 transfer.”.

11 (5) Section 2801(a)(1) of such Code is amended  
12 by striking “the highest rate of tax specified in the  
13 table contained in” and inserting “the rate of tax  
14 under”.

15 (6) Section 6601(j)(2)(A)(i) of such Code is  
16 amended by striking “the rate schedule set forth  
17 in”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to estates of decedents dying, gen-  
20 eration-skipping transfers, and gifts made, after Decem-  
21 ber 31, 2019.

22 (d) BUDGETARY EFFECTS.—

23 (1) PAYGO SCORECARD.—The budgetary ef-  
24 fects of this section shall not be entered on either  
25 PAYGO scorecard maintained pursuant to section

1 4(d) of the Statutory Pay-As-You-Go Act of 2010 (2  
2 U.S.C. 933(d)).

3 (2) SENATE PAYGO SCORECARD.—The budg-  
4 etary effects of this section shall not be entered on  
5 any PAYGO scorecard maintained for purposes of  
6 section 4106 of H. Con. Res. 71 (115th Congress),  
7 the concurrent resolution on the budget for fiscal  
8 year 2018.

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