

- SUBJECT:** Repealing the inheritance tax
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 9 ayes — D. Bonnen, Bohac, Button, Darby, Murphy, Parker, Springer, C. Turner, Wray
- 2 nays — Y. Davis, Martinez Fischer
- WITNESSES:** For — (*Registered, but did not testify:* Craig Hopper)
- Against — None
- On — William Kuntz, Texas Department of Licensing and Regulation;
(*Registered, but did not testify:* Karey Barton and Tom Currah,
Comptroller of Public Accounts)
- BACKGROUND:** In 2001, Congress passed the Economic Growth and Tax Relief and Reconciliation Act, which repealed the federal tax credit for state inheritance taxes. Tax Code, sec. 211.051 imposes a tax equal to the amount of the federal credit on the transfer at death of the property of a resident.
- DIGEST:** CSHB 2114 would repeal Tax Code, ch. 211, eliminating the inheritance tax.
- This bill would take effect September 1, 2015, and would not affect tax liability accruing before that date.
- SUPPORTERS SAY:** CSHB 2114 would repeal the inheritance tax, which already has been effectively eliminated by federal action. Because Texas law is written so that the inheritance tax is zero if the federal tax credit is zero, the comptroller only collects the tax if the death occurred before January 1, 2005, the date when the federal tax credit was abolished.
- This tax accounted for only \$12,000 in general revenue in 2014. The bill

would enable the comptroller to shift resources from efforts to collect on the inheritance tax. These resources would generate far more return on investment if they were deployed elsewhere.

**OPPONENTS
SAY:**

CSHB 2114 would eliminate a tax on the grounds that it does not bring in sufficient revenue to offset the time spent collecting it. However, a tax that is comparatively less cost effective to collect should not necessarily be eliminated.