



## Proposed Estate Tax Plans by Democratic Presidential Primary Contenders

| Proposal  | Exemption   | Base tax rate | Additional tax rates   | Surtax   | Top Tax Rate |
|---|---|---------------|--|--|--------------|
| TCJA <sup>1</sup>                               | \$11.4 million indexed to inflation                     | 40%           | n/a  | n/a  | <b>40%</b>   |
| Democratic House Extenders Package <sup>2</sup> | \$5 million starting January 1, 2023                    | 40%           | n/a  | n/a  | <b>40%</b>   |
| Senator Booker <sup>3</sup>                     | \$3.5 million, eliminates stepped up basis              | 45%           |  | 10% on estates over \$10 million<br>20% on estates over \$50 million | <b>65%</b>   |
| Senator Warren <sup>4</sup>                     | \$3.5 million, eliminates stepped up basis <sup>5</sup> | 55%           | 60% on estates over \$13 million<br>65% on estates over \$93 million | 10% surtax on estates over \$1 billion                               | <b>75%</b>   |
| Senator Sanders <sup>6</sup>                    | \$3.5 million, eliminates stepped up basis <sup>7</sup> | 45%           | 50% over \$10 million<br>55% over \$50 million                       |  | <b>77%</b>   |

<sup>1</sup> H.R. 1 passed on December 22, 2017

<sup>2</sup> H.R. 3301 Taxpayer Certainty and Disaster Tax Relief Act of 2019

<sup>3</sup> Plan released by Senator Cory Booker on October 22, 2018

<sup>4</sup> S. 787 offered by Senator Elizabeth Warren (D-MA) on March 13, 2019

<sup>5</sup> <https://elizabethwarren.com/plans/paying-for-m4a>

<sup>6</sup> S. 309 offered by Senator Sanders (I-VT) on January 31, 2019

<sup>7</sup> <https://thehill.com/policy/finance/452902-2020-democrats-push-tax-hike-on-wealthy-investors>

|                        |   |  |                      |  |  |
|------------------------|---|--|----------------------|--|--|
|                        |   |  | 77% over \$1 billion |  |  |
| Former VP<br>Joe Biden | Has announced plans to eliminate stepped up basis, not specific announcement on exemption or rate |  |                      |  |  |

### Other details

Current estate tax law post TCJA:

- Gift and generation skipping tax exemption \$11.4 million per individual and \$22.8 million per couple in 2019 with spousal portability, indexed for inflation (CCPI)
- Full step up in basis allowed on all inherited assets

Bernie Sanders (D-VT)

- Hikes gift and generation skipping tax rate to 45% and lowers gift tax and generation skipping tax exemption to \$1 million, not indexed for inflation.
- Lowers annual gift limit to \$10,000.
- Weaken Grantor Retained Annuity Trusts by increasing minimum holding time from 2 to 10 years.
- Requires consistent basis reporting requirements (Already passed into law).
- Ends valuation discounts on nonbusiness assets.
- Increases conservation easements limit to \$2 million and allow farmers to lower farmland values by up to \$3 million.

Senator Elizabeth Warren (D-MA)

- Weaken Grantor Retained Annuity Trusts by increasing minimum holding time from 2 to 10 years.
- Lowers annual gift exclusion to \$10,000
- Eliminates GST exemption for certain trusts

Senator Cory Booker (D-NJ)

- Repeals stepped up basis for estates over \$100,000
- Increases capital gains rate by 4.2%
- Unofficial score: \$60 billion over 10 years

Senate Democrats Proposed Changes to Estate Tax to help fund infrastructure

- Gift tax, and GST exemptions decreased to 2017 levels
- Score: \$83 billion over 10 years

Technical Changes proposed in President Obama's FY2013 budget:

- Extend the minimum term for GRATs to 10 years
  - Score: raise \$3.3 billion over 10 years
- Consistency in reporting (passed as part of 2015 PATH Act)

- *Score:* raise \$2 billion over 10 years
- Disallow lack of control and lack of marketability discounts
  - *Score:* raise \$18 billion over 10 years
- Other changes including extending tax liens, limit duration of GST exemptions, modify tax rules for GRATs
  - *Score:* raise \$41 billion over 10 years