

# South Carolina Board of Economic Advisors

## Statement of Estimated Revenue Impact

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**Date:** April 20, 2010

**Bill Number:** S.1348

**Author:** Campsen

**Committee Requesting Impact:** Finance

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### Bill Summary

A bill to amend Chapter 16, Title 12 of the 1976 Code, relating to the estate tax, by adding Section 12-16-1960 to provide that the will or trust of a decedent who dies in 2010 that contains certain formulae shall be deemed to refer to the federal estate tax law as it applied on December 31, 2009.

### REVENUE IMPACT <sup>1/</sup>

This bill would have no impact on General Fund revenue.

### Explanation

This bill mandates that wills or trusts of a decedent who dies in 2010 that contain formulae referring to unified credits, estate tax exemptions, and other specified terms relating to federal estate tax are deemed to refer to the federal estate tax and generation-skipping transfer tax laws as they applied on December 31, 2009. The Economic Growth and Tax Relief Reconciliation Act of 2001 phased out the state death tax credit in 2005. South Carolina currently imposes an estate tax based on the amount of the federal credit on the transfer of the taxable estate of every resident. Since the state death credit was eliminated at the federal level, South Carolina does not receive any estate tax revenue from estates of decedents that died after January 1, 2005. The 2001 Act also repealed the federal estate tax and generation-skipping tax for 2010. This bill allow wills or trusts that refer to an amount or percentage of the unified credit, estate tax exemption, or other specified terms to allocate the assets as if the federal estate tax were still in effect. Without any further federal legislation the federal estate and generation-skipping taxes are scheduled to return in 2011 with a \$1 million estate exemption and a maximum tax rate of 55%.

/s/William C. Gillespie

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<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact, or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.