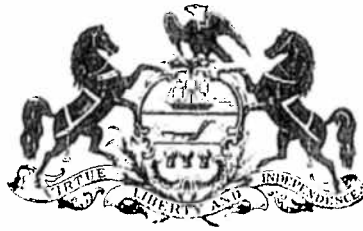


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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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MEMORANDUM

TO: All House Members

FROM: Rep. Dan Moul

DATE: January 7, 2009

SUBJECT: Cosponsorship of Legislation
Inheritance Tax – former HB 175

The Pennsylvania inheritance and estate tax is imposed by Article XXI of the Tax Reform Code of 1971 (Act 1971-2). The inheritance tax is imposed on the transfer of certain property as of the death of the transferor. This tax, by its terms is not imposed on people; but on the transfer of property. However, people must pay the tax. The imposition and the rate on property passing to various beneficiary classes have evolved over the years. Starting in 1826, siblings and collateral heirs were subject to a rate of 2.5%. Currently the inheritance tax rates are 0% (Spouses), 4.5% (Lineal heirs), 12% (Siblings) and 15% (Collateral heirs).

The inheritance tax reduces savings and hinders economic growth. This tax punishes success and creates an undue burden to family, friend, family-owned farmers and small family businesses; making it more difficult to pass on these assets to the next generation who can continue the business. In addition, this wealth has already been taxed through income taxes. The inheritance tax is unfair double taxation.

I am reintroducing legislation that would eliminate this unfair tax for those who inherit property that is \$250,000 or less. Transfers that exceed \$250,000 would be subject to the inheritance tax at the applicable current rates. I am not eliminating the Inheritance tax completely; however, I am suggesting a fair balance and application of the tax.

If you would like to cosponsor this legislation, please contact Suzette Beemer, sbeemer@pahousegop.com.

DM/sb

Prior co-sponsors: Perry, Adolph, Baker, Barrar, Bear, Beyer, Boyd, Clymer, Creighton, Denlinger, Fairchild, Fleck, Geist, Gibbons, Gingrich, Goodman, Grove, Haluska, Harper, Harris, Adam, Hess, Hickernell, Hutchinson, Kauffman, Killion, Major, McIlvaine Smith, Metcalfe, Miccarelli, Millard, Miller, Milne, Murt, Oneill, Pickett, Rapp, Reichley, Roae, Rock, Rohrer, Ross, Saylor, Scavello, Siptroth