

## S 1178

For the 99.5 Percent Act

**Congress:** 118 (2023–2025, Ended)

**Chamber:** Senate

**Policy Area:** Taxation

**Introduced:** Apr 18, 2023

**Current Status:** Read twice and referred to the Committee on Finance.

**Latest Action:** Read twice and referred to the Committee on Finance. (Apr 18, 2023)

**Official Text:** <https://www.congress.gov/bill/118th-congress/senate-bill/1178>

### Sponsor

**Name:** Sen. Sanders, Bernard [I-VT]

**Party:** Independent • **State:** VT • **Chamber:** Senate

### Cosponsors (2 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Warren, Elizabeth [D-MA]	D · MA		Apr 18, 2023
Sen. Markey, Edward J. [D-MA]	D · MA		May 2, 2023

### Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Apr 18, 2023

### Subjects & Policy Tags

#### Policy Area:

Taxation

### Related Bills

Bill	Relationship	Last Action
118 HR 2676	Identical bill	Apr 18, 2023: Referred to the House Committee on Ways and Means.

## For the 99.5 Percent Act

This bill imposes increased tax rates on decedent estates, gifts, and generation-skipping transfers.

Estates with a value of over \$1 billion are taxed at a 65% tax rate. The basic exclusion amount is reduced to \$3.5 million.

The bill increases (1) to \$3 million the reduction in valuations of farmland for estate tax purposes and adjusts such increased amount for inflation, and (2) to \$2 million the maximum estate tax exclusion for contributions of conservation easements. It also increases to 60% the applicable percentage for such exclusion.

The bill requires (1) consistent basis reporting for property acquired by gift and transfers in trust, and (2) executors of estates and donors of gifts required to file a gift tax return to disclose to the Department of the Treasury, and to recipients of any interest in an estate or a gift, information identifying the value of each interest received.

The bill sets forth estate valuation rules for certain transfers of nonbusiness assets and limits estate tax discounts for certain individuals with minority interests in a business acquired from a decedent.

The bill expands rules for valuing assets in grantor retained annuity trusts to require that (1) the right to receive fixed amounts from an annuity last for a term of not less than 10 years and not more than the life expectancy of the annuitant plus 10 years, and that such fixed amounts not decrease during the first 10 years of the annuity term, and (2) the remainder interest have a value when transferred that is not less than the greater of 25% of the fair market value of the trust property or \$500,000. The bill also sets forth rules for the application of transfer taxes to a grantor trust (a trust in which the grantor retains control over the trust assets and has the right to receive income from the trust).

The bill eliminates the generation-skipping transfer tax exemption for transfers to certain persons.

The bill modifies the tax exclusion for annual gifts to eliminate the present interest requirement for such exclusion and to impose a new, aggregate per donor limit equal to twice the annual exclusion amount in effect for the taxable year. It also provides for a *gross up* of taxable gifts in specified calendar years.

The bill defines *executor* for purposes of the Internal Revenue Code.

## Actions Timeline

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- **Apr 18, 2023:** Introduced in Senate
- **Apr 18, 2023:** Read twice and referred to the Committee on Finance.