

News from Senator

BOB DOLE



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ESTATE TAX PROVISIONS IN TAX BILL WILL AID RURAL AMERICA

WASHINGTON -- "The estate tax provisions approved by Congress this week will be of immeasurable benefit in preserving the family farm and small family-owned businesses in Kansas and across rural America," Senate Finance Committee Chairman Bob Dole (R-Kan.) said today.

"Under the agreement reached as part of the overall Economic Recovery Tax Act of 1981, the next generation of farmers will no longer have to sell half of their inheritance in order to keep farming the rest."

Dole's comments came after both the Senate and House agreed to the final version of the tax package, which President Reagan will sign into law later this week.

The centerpiece of the estate tax reform is an increase in the value of an estate exempt from inheritance taxes from the current level of \$175,625 to \$600,000 in 1987. The exemption will increase to \$225,000 in 1982, \$275,000 in 1983, \$325,000 in 1984, \$400,000 in 1985, and \$500,000 in 1986. In addition, the maximum gift and estate tax rate will decline by 5 percent increments from the current level of 70 percent to 50 percent in 1985.

"Another key feature of this legislation of particular interest to farmers and ranchers is elimination of the limit on marital deductions for property passing to a surviving spouse," Dole said. "Starting in 1982, estates valued at over \$250,000 will no longer be subject to taxes when inherited by a marriage partner.

"A further major advance in our effort to reduce the tax liability of family farms and small businesses is an increase in the current \$500,000 limitation on evaluating estates at their current use or fair market value. Under the congressional bill, the value of a farm or closely-held business can be reduced by up to \$600,000 in 1981, \$700,000 in 1982, and \$750,000 in 1983 according to its fair market value before estate taxes are assessed.

"Each of these measures will provide the kind of tax relief that rural families need in order to ensure continuity in America's agricultural sector and farm heritage. Together, they represent a determination to get the government out of the economic affairs of the people that is long overdue."