

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 754 (as introduced 10-14-97)
Sponsor: Senator Bill Bullard, Jr.
Committee: Finance

Date Completed: 2-12-98

CONTENT

The bill would amend the Michigan Estate Tax Act to redefine "internal revenue code" (IRC) as the Internal Revenue Code in effect on January 1, 1998. Currently, the Act refers to the IRC in effect on January 1, 1993. The bill provides that it would take effect on January 1, 1998.

Under the Act, a tax is imposed on the transfer of the estate of a deceased Michigan resident equal to the maximum allowable Federal credit under the IRC for estate taxes paid to the State. For the 1997 tax year the first \$600,000 of an estate is exempt from the Federal estate tax, meaning that a Michigan resident's estate under \$600,000 is not subject to the State estate tax. The Federal Taxpayer Relief Act of 1997 increases the excluded amount to \$625,000 in 1998, and increases the amount in subsequent years.

Under the Act, upon payment of the estate tax by the decedent's personal representative (the person required to file a return and pay the tax, if any), the Department of Treasury must issue a receipt showing that the representative is discharged from personal liability. The bill would require the Department to prepare the receipt in a form that was recordable by the register of deeds. Further, under the Act, the Department may issue a waiver releasing property from a lien, if those circumstances prescribed in the Act are fulfilled. The bill would require that the waiver be in a form recordable with the register of deeds.

MCL 205.240 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would reduce estate tax collections, which are deposited into the General Fund, by \$3.8 million in FY 1998-99.

The bill would have no local government fiscal impact.

Fiscal Analyst: R. Ross

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