

Legislative Analysis



REPEAL MICHIGAN ESTATE TAX ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4922 as introduced
Sponsor: Rep. Steven Johnson
Committee: Tax Policy
Complete to 10-16-19

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4922 would repeal the Michigan Estate Tax Act.

MCL 205.201 to 205.256 (repealed)

BACKGROUND:

In 1993, Michigan amended its inheritance tax law to change to an estate tax going forward. (An estate tax is levied against the value of a deceased person's estate, while an inheritance tax is levied against the heirs after transfer of the estate's assets.) The Michigan Estate Tax Act was a "pick up tax," meaning that the amount the state collected was based on the state estate tax credit the IRS allowed for the federal estate tax. In 2005, however, changes in federal tax law eliminated the state estate tax credit for that federal tax, and Michigan has not collected a state estate tax on new estates since then.

Estate or inheritance taxes are currently effective in seventeen states and the District of Columbia.

FISCAL IMPACT:

Because Michigan's estate tax is determined by the state credit allowed on the federal estate tax, and the state credit was eliminated in 2005, Michigan's estate tax no longer generates ongoing revenue. Any revenue realized at this point is due to estates prior to 2005 that have been under litigation.

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