APPENDIX

Table 1: Federal Estate Tax Rate Schedule for Deaths Before 12/31/2001			
Taxable Estate (in thousands)			
At Least	But Less Than	Base	Marginal Rate
$0	$10	$0	18%
$10	$20	$1,800	20%
$20	$40	$3,800	22%
$40	$60	$8,200	24%
$60	$80	$13,000	26%
$80	$100	$18,200	28%
$100	$150	$23,800	30%
$150	$250	$38,800	32%
$250	$500	$70,800	34%
$500	$750	$155,800	37%
$750	$1,000	$248,300	39%
$1,000	$1,250	$345,800	41%
$1,250	$1,500	$448,300	43%
$1,500	$2,000	$555,800	45%
$2,000	$2,500	$780,800	49%
$2,500	$3,000	$1,025,800	53%
$3,000	$10,000	$1,290,800	55%
$10,000	$17,184	$5,140,800	60%
$17,184		$9,451,200	55%

For example, for a taxable estate between $1 million and $1.25 million, tax equals $345,800 plus 41 percent of the amount that the size of the estate exceeds $1 million.

NOTE: This schedule includes the effect of the surtax on estates over $10 million. The surtax of 5% of the value of the estate between $10 million and $17,184 million has the effect of increasing the marginal tax rate on estates between $10 million and $17,184 million to 60%. This has the effect of removing the effect of the graduated rates for large estates. In other words, estates of $17,184 and higher are subject to a flat rate of 55% of the entire value of the estate (after which any applicable credits, including the unified credit and the state death tax credit, are applied).

Under the 2001 federal tax bill, this schedule changed as follows:
For deaths occurring on or after January 1, 2002, the surtax is repealed and rates above 50 percent are lowered to 50 percent. So taxable estates over $2.5 million are subject to a tax of $1,025,800 plus 50 percent of the amount over $2.5 million.
In subsequent years, the top rate is scheduled to be lowered as follows:

Calendar Year of Death	Top Rate
2002	50%
2003	49%
2004	48%
2005	47%
2006	46%
2007	45%
2008	45%
2009	45%
2010	Tax repealed
2011	Tax reinstated at 2001 level

Table 2: State Death Tax Credit Rate Schedule for Deaths Before 12/31/2001			
Adj. Taxable estate[1] (in thousands)			
Over	Not Over	Base	Marginal Rate
0	$40	$0	0.0%
40	$90	$0	0.8%
90	$140	$400	1.6%
140	$240	$1,200	2.4%
240	$440	$3,600	3.2%
440	$640	$10,000	4.0%
640	$840	$18,000	4.8%
840	$1,040	$27,600	5.6%
1,040	$1,540	$38,800	6.4%
1,540	$2,040	$70,800	7.2%
2,040	$2,540	$106,800	8.0%
2,540	$3,040	$146,800	8.8%
3,040	$3,540	$190,800	9.6%
3,540	$4,040	$238,800	10.4%
4,040	$5,040	$290,800	11.2%
5,040	$6,040	$402,800	12.0%
6,040	$7,040	$522,800	12.8%
7,040	$8,040	$650,800	13.6%
8,040	$9,040	$786,800	14.4%
9,040	$10,040	$930,800	15.2%
10,040		$1,082,800	16.0%

For example, for an adjusted taxable estate between $1.04 million and $1.54 million, tax equals $38,800 plus 6.4 percent of the amount that the size of the estate exceeds $1.04 million.

[1]The adjusted taxable estate is equal to the taxable estate minus $60,000.

Table 3: Exemption Amounts		
Year	**Prior Federal Law**	**Current Federal Law**
2002	$700,000	$1,000,000
2003	$700,000	$1,000,000
2004	850,000	1,500,000
2005	950,000	1,500,000
2006	1,000,000	2,000,000
2007	1,000,000	2,000,000
2008	1,000,000	2,000,000
2009	1,000,000	3,500,000

Table 4: Federal and State Estate Taxes Owed For Estates of \$2.5 million and \$1.5 million for Deaths Occurring in 2001 through 2009				
\$2.5 million Estate				
Combined Federal and State Estate Tax (assumes state adopts current federal exemptions)				
Year of Death	**In state with no state tax**	**In state that retained state tax**	**Difference**	**Difference as percent of estate**
2001	805,250	805,250	0	0%
2002	680,000	714,700	34,700	1.4%
2003	680,000	749,400	69,400	2.8%
2004	465,000	569,100	104,100	4.2%
2005	460,000	533,564	73,564	2.9%
2006	230,000	304,952	74,952	3.0%
2007	225,000	301,340	76,340	3.1%
2008	225,000	301,340	76,340	3.1%
2009	0	0	0	0.0%

\$1.5 million Estate				
Combined Federal and State Estate Tax (assumes state uses prior law federal exemptions)				
Year of Death	**In state with no state tax**	**In state that retained state tax**	**Difference**	**Difference as percent of estate**
2001	335,200	335,250	0	0%
2002	210,000	226,100	16,100	1.1%
2003	210,000	242,200	32,200	2.1%
2004	0	64,400	64,400	4.3%
2005	0	64,400	64,400	4.3%
2006	0	64,400	64,400	4.3%
2007	0	64,400	64,400	4.3%
2008	0	64,400	64,400	4.3%
2009	0	64,400	64,400	4.3%