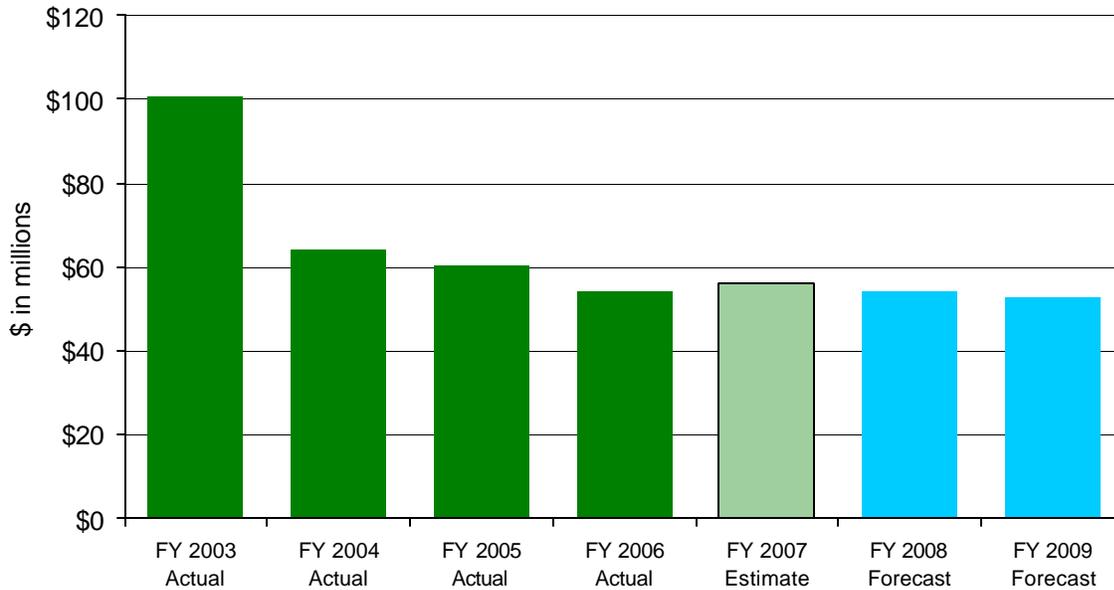


Estate Tax

GRF Revenues from the Estate Tax

(in millions)



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	Actual	Actual	Actual	Actual	Estimate	Forecast	Forecast
Revenue	\$100.8	\$64.2	\$60.4	\$54.1	\$55.9	\$54.2	\$52.6
Growth	-13.3%	-36.3%	-5.9%	-10.4%	3.3%	-3.0%	-3.0%

The forecast for the estate tax is based on historical trend. Estate tax collections show a general downward trend with a slight variation year to year. Estate tax revenues are estimated to increase slightly from \$54.1 million in FY 2006 to \$55.9 million in FY 2007. However, decreased collections are projected in FY 2008 and FY 2009: \$54.2 million and \$52.6 million, respectively.

The estate tax is one of the more volatile state revenue sources as the estate of a very wealthy individual can account for a significant amount of the total revenue. Estate tax payment is due at the expiration of nine months from the date of death to the county treasurer where the estate tax return was filed. However, an automatic six months extension is granted to all estates. The tax is progressive with rates ranging from 2% of the taxable estate to 7% of the value of the taxable estate over \$500,000. Estates with dates of death on or after January 2002 receive a \$13,900 credit, which effectively exempts the first \$338,333 of estate value from taxation. The municipal corporation or township of origin receives 80% of the revenue and the GRF receives the remaining 20%, less the cost of local administration for estates with dates of death on or after January 1, 2002.