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passed the state House on Wednesday.

May. 13, 2013

North Carolina's "death tax" has one foot in the grave after a Wilson lawmaker's bill passed the state House on Wednesday.

House Bill 101 will advance to the Senate after House members voted 82-37 to repeal the estate tax, which applies to inheritances valued at \$3.5 million or more. Rep. Susan Martin, a Wilson Republican, is the bill's primary sponsor.

"The death tax is arguably the most unfair tax in all of North Carolina's statutes," Martin said in a Thursday statement. "It punishes success and investment in our state and makes it difficult for families to pass businesses down to future generations. Family farms in my district will benefit from the death of the death tax."

Inherited money and property worth at least \$3.5 million is taxed on a progressive scale that tops out at 16 percent. Martin said that affects family businesses that might be land-rich and cash-poor.

North Carolina and Tennessee are the only Southeastern states with an estate tax, and Tennessee's is set to expire in 2016. Heirs who receive more than \$5.25 million in assets also must pay a federal estate tax.

HB 101 was the first bill Martin introduced as primary sponsor. She's signed on to 24 bills as primary sponsor and another 207 as a co-sponsor.

"The passage of House Bill 101 is a campaign promise kept," Martin said. "I promised the voters of District 8 that I would go to Raleigh and end the death tax. The passage of my bill is a huge step in that direction."

Estate taxes were conceived to reduce economic inequality by chipping away at

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cigarettes — that generate a combined 8 percent of North Carolina's revenue. Cordato said the estate tax accounts for a sliver of that 8 percent.

"It represents multiple levels of taxation on investment and savings," he said.

Martin introduced the bill on Feb. 13 along with Republican Reps. Julia C. Howard, Tim Moffitt and Mitchell Setzer.

Six Democrats and 76 Republicans voted to pass HB 101. No Republicans opposed it, though one GOP House member had an excused absence and did not vote.

HB 101 passed its first reading in the Senate on Thursday and was referred to the Senate Finance Committee.

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State and Local Taxes

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