

Client Alert

New York's Governor Proposes Estate Tax Reductions

January 9, 2014. In his State of the State address yesterday, Governor Cuomo noted that New York is one of only 15 states that still have an estate tax, with exemption levels among the lowest and tax rates among the highest. The Governor recommended reform of what he called a “move-to-die tax”. According to a press release issued by the Governor on Monday, the details of his proposed tax reform include increasing the estate tax threshold to \$5.25 million and reducing the top tax rate to 10%, to bring New York in line with national trends. The press release states:

“... the current estate tax level is badly in need of reform. While the federal government exempts the first \$5.25 million of an individual's estate, New York only exempts estates valued below \$1 million. To end this unnecessary incentive for elderly New Yorkers to leave the state, Governor Cuomo proposes increasing the New York estate tax threshold to \$5.25 million and lowering the top rate to 10 percent over four years. Beginning in 2019, the State estate tax exemption would equal the Federal exemption, which is indexed to inflation. This change would exempt nearly 90 percent of all estates from the tax, restore fairness and eliminate the incentive for older middle-class and wealthy New Yorkers to leave the State.”

The next step will be for bills on the recommendations to proceed through the New York legislature. The Governor's recommendations parallel those of the Tax Relief Commission, but differ from those of the Fairness Commission, which instead recommended raising the estate tax threshold to \$3 million (rather than \$5.25 million) and did not include a rate reduction.

We will continue to monitor these proposals to keep you informed as legislation is proposed.

If you have questions concerning the possible changes in the New York's estate tax laws, or other estate planning matters, please feel free to contact one of our **Individual Client Services Department** partners:

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