

2018 -- H 7621

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO TAXATION - ESTATE AND TRANSFER TAXES - LIABILITY AND
COMPUTATION

Introduced By: Representatives Marszalkowski, and Shanley

Date Introduced: February 14, 2018

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-22-1.1 of the General Laws in Chapter 44-22 entitled "Estate
2 and Transfer Taxes - Liability and Computation" is hereby amended to read as follows:

3 **44-22-1.1. Tax on net estate of decedent.**

4 (a) (1) For decedents whose death occurs on or after January 1, 1992, but prior to January
5 1, 2002, a tax is imposed upon the transfer of the net estate of every resident or nonresident
6 decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for
7 state death taxes allowed by 26 U.S.C. § 2011.

8 (2) For decedents whose death occurs on or after January 1, 2002, but prior to January 1,
9 2010 a tax is imposed upon the transfer of the net estate of every resident or nonresident decedent
10 as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death
11 taxes allowed by 26 U.S.C. § 2011 as it was in effect as of January 1, 2001; provided, however,
12 that the tax shall be imposed only if the net taxable estate shall exceed six hundred seventy-five
13 thousand dollars (\$675,000). Any scheduled increase in the unified credit provided in 26 U.S.C. §
14 2010 in effect on January 1, 2001, or thereafter, shall not apply.

15 (3) For decedents whose death occurs on or after January 1, 2010, and prior to January 1,
16 2015 a tax is imposed upon the transfer of the net estate of every resident or nonresident decedent
17 as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death
18 taxes allowed by 26 U.S.C. § 2011 as it was in effect as of January 1, 2001; provided, however,

1 that the tax shall be imposed only if the net taxable estate shall exceed eight hundred and fifty
2 thousand dollars (\$850,000); provided, further, beginning on January 1, 2011 and each January 1
3 thereafter until January 1, 2015, said amount shall be adjusted by the percentage of increase in the
4 Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States
5 Department of Labor Statistics determined as of September 30 of the prior calendar year; said
6 adjustment shall be compounded annually and shall be rounded up to the nearest five dollar
7 (\$5.00) increment. Any scheduled increase in the unified credit provided in 26 U.S.C. § 2010 in
8 effect on January 1, 2003, or thereafter, shall not apply.

9 (4) For decedents whose death occurs on or after January 1, 2015 and prior to January 1,
10 2019, a tax is imposed upon the transfer of the net estate of every resident or nonresident
11 decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for
12 state death taxes allowed by 26 U.S.C. Section 2011, as it was in effect as of January 1, 2001;
13 provided, however, that a Rhode Island credit shall be allowed against any tax so determined in
14 the amount of sixty-four thousand four hundred dollars (\$64,400). Any scheduled increase in the
15 unified credit provided in 26 U.S.C. Section 2010 in effect on January 1, 2003, or thereafter, shall
16 not apply; provided, further, beginning on January 1, 2016 and each January 1 thereafter, said
17 Rhode Island credit amount under this section shall be adjusted by the percentage of increase in
18 the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States
19 Department of Labor Statistics determined as of September 30 of the prior calendar year; said
20 adjustment shall be compounded annually and shall be rounded up to the nearest five dollar
21 (\$5.00) increment.

22 (5) For decedents whose death occurs on or after January 1, 2019, a tax is imposed upon
23 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to
24 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.
25 § 2011, as it was in effect as of January 1, 2001; provided, however, that a Rhode Island credit
26 shall be allowed against any tax so determined in the amount of ninety-nine thousand six hundred
27 dollars (\$99,600). Any scheduled increase in the unified credit provided in 26 U.S.C. § 2010 in
28 effect on January 1, 2003, or thereafter, shall not apply; provided, further, beginning on January
29 1, 2019 and each January 1 thereafter, said Rhode Island credit amount under this section shall be
30 adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers
31 (CPI-U) as published by the United States Department of Labor Statistics determined as of
32 September 30 of the prior calendar year; said adjustment shall be compounded annually and shall
33 be rounded up to the nearest five dollar (\$5.00) increment.

34 (b) If the decedent's estate contains property having a tax situs not within the state, then

1 the tax determined by this section is reduced to an amount determined by multiplying the tax by a
2 fraction whose numerator is the gross estate excluding all property having a tax situs not within
3 the state at the decedent's death and whose denominator is the gross estate. In determining the
4 fraction, no deductions are considered and the gross estate is not reduced by a mortgage or other
5 indebtedness for which the decedent's estate is not liable.

6 (c) (1) The terms "gross taxable estate", "federal gross estate" or "net taxable estate" used
7 in this chapter or chapter 23 of this title has the same meaning as when used in a comparable
8 context in the laws of the United States, unless a different meaning is clearly required by the
9 provisions of this chapter or chapter 23 of this title. Any reference in this chapter or chapter 23 of
10 this title to the Internal Revenue Code or other laws of the United States means the Internal
11 Revenue Code of 1954, 26 U.S.C. § 1 et seq.

12 (2) For decedents whose death occurs on or after January 1, 2002, the terms "gross
13 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of
14 this title has the same meaning as when used in a comparable context in the laws of the United
15 States, unless a different meaning is clearly required by the provisions of this chapter or chapter
16 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue
17 Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C. § 1
18 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.

19 (d) All values are as finally determined for federal estate tax purposes.

20 (e) Property has a tax situs within the state of Rhode Island:

21 (1) If it is real estate or tangible personal property and has actual situs within the state of
22 Rhode Island; or

23 (2) If it is intangible personal property and the decedent was a resident.

24 SECTION 2. This act shall take effect upon passage and shall apply to the estates of
25 decedents that have died after December 31, 2018.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO TAXATION - ESTATE AND TRANSFER TAXES - LIABILITY AND
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1 This act would allow a credit against the Rhode Island estate tax of ninety-nine thousand
2 six hundred dollars (\$99,600) for decedents who have died after December 31, 2018.

3 This act would take effect upon passage and apply to the estates of decedents that have
4 died after December 31, 2018.

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