

2014 -- H 7140

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TAXATION -- ESTATE AND TRANSFER TAXES

Introduced By: Representatives Ruggiero, Walsh, Giarrusso, Hull, and Marcello

Date Introduced: January 21, 2014

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

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

14 (3) For decedents whose death occurs on or after January 1, 2010, a tax is imposed upon
15 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to
16 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.
17 section 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be
18 imposed only if the net taxable estate shall exceed eight hundred and fifty thousand dollars
19 (\$850,000); ~~provided, further, beginning on January 1, 2011 and each January 1 thereafter, said~~

1 ~~amount shall be adjusted by the percentage of increase in the Consumer Price Index for all Urban~~
2 ~~Consumers (CPI-U) as published by the United States Department of Labor Statistics determined~~
3 ~~as of September 30 of the prior calendar year; said adjustment shall be compounded annually and~~
4 ~~shall be rounded up to the nearest five dollar (\$5.00) increment. Any scheduled increase in the~~
5 ~~unified credit provided in 26 U.S.C. section 2010 in effect on January 1, 2003, or thereafter, shall~~
6 ~~not apply.~~

7 (4) For decedents whose death occurs on or after January 1, 2015, a tax is imposed upon
8 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to
9 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.
10 section 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be
11 imposed only if the net taxable estate shall exceed one million five hundred thousand dollars
12 (\$1,500,000); provided, further, beginning on January 1, 2016 and each January 1 thereafter, said
13 amount shall be adjusted by the percentage of increase in the Consumer Price Index for all Urban
14 Consumers (CPI-U) as published by the United States Department of Labor Statistics determined
15 as of September 30 of the prior calendar year; said adjustment shall be compounded annually and
16 shall be rounded up to the nearest five dollar (\$5.00) increment. Provided, further, the tax shall be
17 calculated and imposed only on the amount of the taxable estate that exceeds one million five
18 hundred thousand dollars (\$1,500,000). Any scheduled increase in the unified credit provided in
19 26 U.S.C. section 2010 in effect on January 1, 2001, or thereafter, shall not apply.

20 (b) If the decedent's estate contains property having a tax situs not within the state, then
21 the tax determined by this section is reduced to an amount determined by multiplying the tax by a
22 fraction whose numerator is the gross estate excluding all property having a tax situs not within
23 the state at the decedent's death and whose denominator is the gross estate. In determining the
24 fraction, no deductions are considered and the gross estate is not reduced by a mortgage or other
25 indebtedness for which the decedent's estate is not liable.

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

32 (2) For decedents whose death occurs on or after January 1, 2002, the terms "gross
33 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of
34 this title has the same meaning as when used in a comparable context in the laws of the United

1 States, unless a different meaning is clearly required by the provisions of this chapter or chapter
2 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue
3 Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C.
4 section 1 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.

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

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

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

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

10 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION -- ESTATE AND TRANSFER TAXES

1 This act would increase the estate tax exemption to one million five hundred thousand
2 dollars (\$1,500,000) for deaths occurring on or after January 1, 2015, and would also provide that
3 the tax would be calculated and imposed only on the amount of the taxable estate that exceeds
4 one million five hundred thousand dollars (\$1,500,000).

5 This act would take effect upon passage.

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