

2014 -- S 2073

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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 TAX

Introduced By: Senators Walaska, Felag, McCaffrey, Bates, and Lombardo

Date Introduced: January 21, 2014

Referred To: Senate 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
4 on or after January 1, 1992, but prior to January 1, 2002, a tax is imposed upon the transfer of the
5 net 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)~~ two million dollars (\$2,000,000); said amount shall be
13 adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers
14 (CPI-U) as published by the United States Department of Labor Statistics determined as of
15 September 30 of the prior calendar year; said adjustment shall be compounded annually and shall
16 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 net taxable estate that exceeds two million
18 dollars (\$2,000,000). Any scheduled increase in the unified credit provided in 26 U.S.C. section
19 2010 in effect on January 1, 2001, or thereafter, shall not apply.

1 ~~(3) For decedents whose death occurs on or after January 1, 2010, a tax is imposed upon~~
2 ~~the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to~~
3 ~~transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.~~
4 ~~section 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be~~
5 ~~imposed only if the net taxable estate shall exceed eight hundred and fifty thousand dollars~~
6 ~~(\$850,000); provided, further, beginning on January 1, 2011 and each January 1 thereafter, said~~
7 ~~amount shall be adjusted by the percentage of increase in the Consumer Price Index for all Urban~~
8 ~~Consumers (CPI-U) as published by the United States Department of Labor Statistics determined~~
9 ~~as of September 30 of the prior calendar year; said adjustment shall be compounded annually and~~
10 ~~shall be rounded up to the nearest five dollar (\$5.00) increment. Any scheduled increase in the~~
11 ~~unified credit provided in 26 U.S.C. section 2010 in effect on January 1, 2003, or thereafter, shall~~
12 ~~not apply.~~

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

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

25 (2) For decedents whose death occurs on or after January 1, 2002, the terms "gross
26 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of
27 this title has the same meaning as when used in a comparable context in the laws of the United
28 States, unless a different meaning is clearly required by the provisions of this chapter or chapter
29 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue
30 Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C.
31 section 1 et seq., as they were in effect as of January 1, 2001, ~~unless otherwise provided.~~

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

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

34 (1) If it is real estate or tangible personal property and has actual situs within the state of

- 1 Rhode Island; or
- 2 (2) If it is intangible personal property and the decedent was a resident.
- 3 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would provide all net taxable estates with an exemption from the estate and
- 2 transfer tax of up to the amount of two million dollars (\$2,000,000).
- 3 This act would take effect upon passage.

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