

2014 -- S 2320

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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 - LIABILITY AND
COMPUTATION

Introduced By: Senators Jabour, Picard, Lombardi, Nesselbush, and Felag

Date Introduced: February 12, 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 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 and prior to January 1,
15 2015, a tax is imposed upon the transfer of the net estate of every resident or nonresident
16 decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for
17 state death taxes allowed by 26 U.S.C. section 2011 as it was in effect as of January 1, 2001;
18 provided, however, that the tax shall be imposed only if the net taxable estate shall exceed eight

1 hundred and fifty thousand dollars (\$850,000); provided, further, beginning on January 1, 2011
2 and each January 1 thereafter until December 31, 2014, said amount shall be adjusted by the
3 percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as
4 published by the United States Department of Labor Statistics determined as of September 30 of
5 the prior calendar year; said adjustment shall be compounded annually and shall be rounded up to
6 the nearest five dollar (\$5.00) increment. Any scheduled increase in the unified credit provided in
7 26 U.S.C. section 2010 in effect on January 1, 2003, or thereafter, shall not apply.

8 (4) For decedents whose death occurs on or after January 1, 2015, a tax is imposed upon
9 the transfer of the net Rhode Island estate of every resident or nonresident decedent as a tax upon
10 the right to transfer. The amount of tax is determined as follows:

11 (i) If the Rhode Island taxable estate is two million dollars (\$2,000,000) or less, the tax is
12 zero dollars (\$0).

13 (ii) If the Rhode Island taxable estate is more than two million dollars (\$2,000,000) but
14 not more than five million dollars (\$5,000,000), the tax is eight percent (8%) of the amount of the
15 excess over two million dollars (\$2,000,000).

16 (iii) If the Rhode Island taxable estate is more than five million dollars (\$5,000,000) but
17 not more than eight million dollars (\$8,000,000), the tax is two hundred forty thousand dollars
18 (\$240,000) plus ten percent (10%) of the amount of the excess over five million dollars
19 (\$5,000,000).

20 (iv) If the Rhode Island taxable estate is more than eight million dollars (\$8,000,000), the
21 tax is five hundred forty thousand dollars (\$540,000) plus twelve percent (12%) of the amount of
22 the excess over eight million dollars (\$8,000,000).

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

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

1 (2) For decedents whose death occurs on or after January 1, 2002, the terms "gross
2 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of
3 this title has the same meaning as when used in a comparable context in the laws of the United
4 States, unless a different meaning is clearly required by the provisions of this chapter or chapter
5 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue
6 Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C.
7 section 1 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.

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

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

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

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

13 SECTION 2. This act shall take effect upon passage, and shall apply to the estate of any
14 decedent whose date of death is on or after January 1, 2015.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO TAXATION - ESTATE AND TRANSFER TAXES - LIABILITY AND
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1 This act would amend the provisions of the Rhode Island estate tax laws to apply a
2 graduated tax as follows: zero tax on estates \$2,000,000 and below; for estates more than
3 \$2,000,000 to \$5,000,000, 8% on the amount over \$2,000,000; for estates more than \$5,000,000
4 to \$8,000,000, 10% on the amount over \$5,000,000 plus \$240,000; and for estates more than
5 \$8,000,000, 12% on the amount over \$8,000,000 plus \$540,000.

6 This act would take effect upon passage, and would apply to the estate of any decedent
7 whose date of death is on or after January 1, 2015.

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