

2015 -- H 5737

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

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

Introduced By: Representatives Giarrusso, Morgan, Trillo, Reilly, and Nardolillo

Date Introduced: February 26, 2015

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. § 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. § 2011 as it was in effect as of January 1, 2001; provided, however,  
11 that the tax shall be imposed only if the net taxable estate shall exceed six hundred seventy-five  
12 thousand dollars (\$675,000). Any scheduled increase in the unified credit provided in 26 U.S.C. §  
13 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 decedent  
16 as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death  
17 taxes allowed by 26 U.S.C. § 2011 as it was in effect as of January 1, 2001; provided, however,  
18 that the tax shall be imposed only if the net taxable estate shall exceed eight hundred and fifty

1 thousand dollars (\$850,000); provided, further, beginning on January 1, 2011 and each January 1  
2 thereafter until January 1, 2015, said amount shall be adjusted by the percentage of increase in the  
3 Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States  
4 Department of Labor Statistics determined as of September 30 of the prior calendar year; said  
5 adjustment shall be compounded annually and shall be rounded up to the nearest five dollar  
6 (\$5.00) increment. Any scheduled increase in the unified credit provided in 26 U.S.C. § 2010 in  
7 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 estate of every resident or nonresident decedent as a tax upon the right to  
10 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.  
11 Section 2011, as it was in effect as of January 1, 2001; provided, however, that a Rhode Island  
12 credit shall be allowed against any tax so determined in the amount of sixty-four thousand four  
13 hundred (\$64,400); and provided further, however, that the tax shall be imposed only if the net  
14 taxable estate shall exceed two million five hundred thousand dollars (\$2,500,000), which  
15 threshold shall increase on January 1, 2016 to three million dollars (\$3,000,000). Any scheduled  
16 increase in the unified credit provided in 26 U.S.C. Section 2010 in effect on January 1, 2003, or  
17 thereafter, shall not apply; provided, further, beginning on ~~January 1, 2016~~ January 1, 2017 and  
18 each January 1 thereafter, said Rhode Island credit amount and said exemption under this section  
19 shall be adjusted by the percentage of increase in the Consumer Price Index for all Urban  
20 Consumers (CPI-U) as published by the United States Department of Labor Statistics determined  
21 as of September 30 of the prior calendar year; said adjustment shall be compounded annually and  
22 shall be rounded up to the nearest five dollar (\$5.00) increment.

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. § 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. § 1  
7 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 be retroactive in its effect  
14 to January 1, 2015.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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

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1           This act would increase the state estate tax threshold to two million five hundred  
2 thousand dollars (\$2,500,000) as of January 1, 2015 and to three million dollars (\$3,000,000) as  
3 of January 1, 2016.

4           This act would take effect upon passage, and be retroactive in its effect to January 1,  
5 2015.

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