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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO TAXATION - ESTATE AND TRANSFER TAXES - COMPUTATION

Introduced By: Senators Felag, Jabour, Walaska, McCaffrey, and Algieri

Date Introduced: January 24, 2012

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. § 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, 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 § 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be imposed
18 only if the net taxable estate shall exceed eight hundred and fifty thousand dollars (\$850,000) ;
19 ~~provided, further, beginning on January 1, 2011 and each January 1 thereafter, said amount shall~~

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

6 (4) For decedents whose death occurs on or after January 1, 2014, a tax is imposed upon
7 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to
8 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.
9 § 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be imposed
10 only if the net taxable estate shall exceed one million five hundred thousand dollars (\$1,500,000);
11 provided, further, beginning on January 1, 2015 and each January 1 thereafter, said amount shall
12 be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers
13 (CPI-U) as published by the United States Department of Labor Statistics determined as of
14 September 30 of the prior calendar year; said adjustment shall be compounded annually and shall
15 be rounded up to the nearest five dollar (\$5.00) increment. Any scheduled increase in the unified
16 credit provided in 26 U.S.C. § 2010 in effect on January 1, 2003, or thereafter, shall not apply.

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

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

29 ~~(2)~~(1) For decedents whose death occurs on or after January 1, 2002, the terms "gross
30 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of
31 this title has the same meaning as when used in a comparable context in the laws of the United
32 States, unless a different meaning is clearly required by the provisions of this chapter or chapter
33 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue
34 Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C. § 1

1 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.

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

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

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

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

7 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 - COMPUTATION

1 This act would increase the estate tax exemption from eight-hundred fifty thousand
2 dollars (\$850,000) to one million five hundred thousand dollars (\$1,500,000) for deaths occurring
3 after January 1, 2014.

4 This act would take effect upon passage.

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