

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

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

Introduced By: Representative Stephen R. Ucci

Date Introduced: February 28, 2019

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.**

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

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

15 (3) For decedents whose death occurs on or after January 1, 2010, and prior to January 1,
16 2015, a tax is imposed upon the transfer of the net estate of every resident or nonresident
17 decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for
18 state death taxes allowed by 26 U.S.C. § 2011 as it was in effect as of January 1, 2001; provided,

1 however, that the tax shall be imposed only if the net taxable estate shall exceed eight hundred
2 and fifty thousand dollars (\$850,000); provided, further, beginning on January 1, 2011, and each
3 January 1 thereafter until January 1, 2015, said amount shall be adjusted by the percentage of
4 increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the
5 United States Department of Labor Statistics determined as of September 30 of the prior calendar
6 year; said adjustment shall be compounded annually and shall be rounded up to the nearest five
7 dollar (\$5.00) increment. Any scheduled increase in the unified credit provided in 26 U.S.C. §
8 2010 in effect on January 1, 2003, or thereafter, shall not apply.

9 (4) For decedents whose death occurs on or after January 1, 2015 and prior to January 1,
10 2019, a tax is imposed upon the transfer of the net estate of every resident or nonresident
11 decedent as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for
12 state death taxes allowed by 26 U.S.C. § 2011, as it was in effect as of January 1, 2001; provided,
13 however, that a Rhode Island credit shall be allowed against any tax so determined in the amount
14 of sixty-four thousand four hundred (\$64,400). Any scheduled increase in the unified credit
15 provided in 26 U.S.C. § 2010 in effect on January 1, 2003, or thereafter, shall not apply;
16 provided, further, beginning on January 1, 2016, and each January 1 thereafter, said Rhode Island
17 credit amount under this section shall be adjusted by the percentage of increase in the Consumer
18 Price Index for all Urban Consumers (CPI-U) as published by the United States Department of
19 Labor Statistics determined as of September 30 of the prior calendar year; said adjustment shall
20 be compounded annually and shall be rounded up to the nearest five dollar (\$5.00) increment.

21 (5) For decedents whose death occurs on or after January 1, 2019, a tax is imposed upon
22 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to
23 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.
24 § 2011, as it was in effect as of January 1, 2001; provided, however, that a Rhode Island credit
25 shall be allowed against any tax so determined in the amount of ninety-nine thousand six hundred
26 dollars (\$99,600). Any scheduled increase in the unified credit provided in 26 U.S.C. § 2010 in
27 effect on January 1, 2003, or thereafter, shall not apply; provided, further, beginning on January
28 1, 2016, and each January 1 thereafter, said Rhode Island credit amount under this section shall
29 be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers
30 (CPI-U) as published by the United States Department of Labor Statistics determined as of
31 September 30 of the prior calendar year; said adjustment shall be compounded annually and shall
32 be rounded up to the nearest five dollar (\$5.00) increment.

33 (b) If the decedent's estate contains property having a tax situs not within the state, then
34 the tax determined by this section is reduced to an amount determined by multiplying the tax by a

1 fraction whose numerator is the gross estate excluding all property having a tax situs not within
2 the state at the decedent's death and whose denominator is the gross estate. In determining the
3 fraction, no deductions are considered and the gross estate is not reduced by a mortgage or other
4 indebtedness for which the decedent's estate is not liable.

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

11 (2) For decedents whose death occurs on or after January 1, 2002, the terms "gross
12 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of
13 this title has the same meaning as when used in a comparable context in the laws of the United
14 States, unless a different meaning is clearly required by the provisions of this chapter or chapter
15 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue
16 Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C. § 1
17 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.

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

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

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

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

23 SECTION 2. This act shall take effect upon passage and shall apply to the estates of
24 decedents dying after December 31, 2018.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO TAXATION - ESTATE AND TRANSFER TAXES - LIABILITY AND
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1 This act would allow a credit against the Rhode Island estate tax in the amount of
2 \$99,600 for decedents dying after December 31, 2018.

3 This act would take effect upon passage and would apply to the estates of decedents
4 dying after December 31, 2018.

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