

2020 -- H 8002

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

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

Introduced By: Representatives Phillips, Shekarchi, Corvese, Filippi, and Morin

Date Introduced: March 12, 2020

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

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

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

21 (5) For decedents whose death occurs on or after January 1, 2022, 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 shall be imposed only if the net taxable estate shall exceed two million five  
24 hundred thousand dollars (\$2,500,000); said amount shall be adjusted by the percentage of increase  
25 in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States  
26 Department of Labor Statistics determined as of September 30 of the prior calendar year; said  
27 adjustment shall be compounded annually and shall be rounded up to the nearest five dollar (\$5.00)  
28 increment. Provided, further, the tax shall be calculated and imposed only on the amount of the net  
29 taxable estate that exceeds two million five hundred thousand dollars (\$2,500,000).

30 (6) For decedents whose death occurs on or after January 1, 2024, a tax is imposed upon  
31 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to  
32 transfer. The tax shall be imposed only if the net taxable estate shall exceed five million dollars  
33 (\$5,000,000); said amount shall be adjusted by the percentage of increase in the Consumer Price  
34 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor

1 Statistics determined as of September 30 of the prior calendar year; said adjustment shall be  
2 compounded annually and shall be rounded up to the nearest five dollar (\$5.00) increment.  
3 Provided, further, the tax shall be calculated and imposed only on the amount of the net taxable  
4 estate that exceeds five million dollars (\$5,000,000).

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

11 (c)(1) The terms "gross taxable estate", "federal gross estate" or "net taxable estate" used  
12 in this chapter or chapter 23 of this title has the same meaning as when used in a comparable context  
13 in the laws of the United States, unless a different meaning is clearly required by the provisions of  
14 this chapter or chapter 23 of this title. Any reference in this chapter or chapter 23 of this title to the  
15 Internal Revenue Code or other laws of the United States means the Internal Revenue Code of  
16 1954, 26 U.S.C. § 1 et seq.

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

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

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

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

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

29 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

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

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1           This act would increase the exemption for estate taxes to two million five hundred thousand  
2 dollars (\$2,500,000) effective January 1, 2022. There would be a further increased estate tax  
3 exemption to five million dollars (\$5,000,000) effective January 1, 2024.

4           This act would take effect upon passage.

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