

2014 -- S 2074

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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 TAX

Introduced By: Senators E O'Neill, DaPonte, Felag, Algieri, and DiPalma

Date Introduced: January 21, 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  
4 on or after January 1, 1992, but prior to January 1, 2002, a tax is imposed upon the transfer of the  
5 net 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, but 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  
19 hundred and fifty thousand dollars (\$850,000); provided, further, beginning on January 1, 2011

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

7 (4) For decedents whose death occurs after January 1, 2015, a tax is imposed upon the  
8 transfer of the net estate of every resident or nonresident decedent as a tax upon the right to  
9 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.  
10 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be imposed  
11 only if the net taxable estate shall exceed two million dollars (\$2,000,000); provided, further,  
12 beginning on January 1, 2016 and each January 1, thereafter, said amount shall be adjusted by the  
13 percentage of increase in the consumer price index for all urban consumers (CPI-U) as published  
14 by the United States department of labor statistics determined as of September 30 of the prior  
15 calendar year; said adjustment shall be compounded annually and shall be rounded up to the  
16 nearest five dollar (\$5.00) increment. Provided, further, the tax shall be calculated and imposed  
17 only on the amount of the net taxable estate that exceeds two million dollars (\$2,000,000). Any  
18 scheduled increase in the unified credit provided in 26 U.S.C. 2010 in effect on January 1, 2003,  
19 or thereafter, shall not apply.

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

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

32 (2) For decedents whose death occurs on or after January 1, 2002, the terms "gross  
33 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of  
34 this title has the same meaning as when used in a comparable context in the laws of the United

1 States, unless a different meaning is clearly required by the provisions of this chapter or chapter  
2 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue  
3 Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C.  
4 section 1 et seq., as they were in effect as of January 1, 2001, ~~unless otherwise provided.~~

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

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

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

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

10 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 TAX

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- 1           This act would provide all net taxable estates with an exemption from the estate and
- 2 transfer tax of up to the amount of two million dollars (\$2,000,000).
- 3           This act would take effect upon passage.

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