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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO TAXATION - ESTATE AND TRANSFER TAXES

Introduced By: Representatives Marszalkowski, McNamara, Shekarchi, Solomon, and  
Casimiro

Date Introduced: March 01, 2017

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 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~~ 2018 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,  
19 however, that the tax shall be imposed only if the net taxable estate shall exceed eight hundred

1 and fifty thousand dollars (\$850,000); provided, further, beginning on January 1, 2011 and each  
2 January 1 thereafter until January 1, ~~2015~~ 2018, said amount shall be adjusted by the percentage  
3 of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the  
4 United States Department of Labor Statistics determined as of September 30 of the prior calendar  
5 year; said adjustment shall be compounded annually and shall be rounded up to the nearest five  
6 dollar (\$5.00) increment. Any scheduled increase in the unified credit provided in 26 U.S.C. §  
7 2010 in effect on January 1, 2003, or thereafter, shall not apply.

8 (4) For decedents whose death occurs on or after January 1, ~~2015~~ 2018, a tax is imposed  
9 upon the transfer of the net estate of every resident or nonresident decedent as a tax upon the right  
10 to transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26  
11 U.S.C. Section 2011, as it was in effect as of January 1, 2001; provided, however, that a Rhode  
12 Island credit shall be allowed against any tax so determined in the amount of ~~sixty-four thousand~~  
13 ~~four hundred (\$64,400)~~ ninety-nine thousand six hundred dollars (\$99,600). Any scheduled  
14 increase in the unified credit provided in 26 U.S.C. Section 2010 in effect on January 1, 2003, or  
15 thereafter, shall not apply; provided, further, beginning on January 1, ~~2016~~ 2018 and each January  
16 1 thereafter, said Rhode Island credit amount under this section shall be adjusted by the  
17 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 (b) If the decedent's estate contains property having a tax situs not within the state, then  
22 the tax determined by this section is reduced to an amount determined by multiplying the tax by a  
23 fraction whose numerator is the gross estate excluding all property having a tax situs not within  
24 the state at the decedent's death and whose denominator is the gross estate. In determining the  
25 fraction, no deductions are considered and the gross estate is not reduced by a mortgage or other  
26 indebtedness for which the decedent's estate is not liable.

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

33 (2) For decedents whose death occurs on or after January 1, 2002, the terms "gross  
34 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of

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

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

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

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

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

11 SECTION 2. This act shall take effect upon passage and shall apply to the estates of  
12 decedents dying after December 31, 2017.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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1           This act would allow an increased credit against the Rhode Island estate tax from sixty-  
2 four thousand four hundred dollars (\$64,400) to ninety-nine thousand six hundred dollars  
3 (\$99,600) for decedents dying after December 31, 2017. The credit is equivalent to an estate tax  
4 exemption of two thousand dollars (\$2,000) for decedents dying after December 31, 2017.

5           This act would take effect upon passage and it would apply to the estates of decedents  
6 dying after December 31, 2017.

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