

2021 -- H 6072

LC001900

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

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

Introduced By: Representatives Morgan, Nardone, and Roberts

Date Introduced: March 03, 2021

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-22-1 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. Tax on net estate of decedents -- Additional tax on postponed enjoyment --**
4 **Deductions -- Marital deduction.**

5 (a) 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 imposed at the rate of two percent (2%) upon
7 all amounts not in excess of twenty-five thousand dollars (\$25,000); at the rate of three percent
8 (3%) upon all amounts in excess of twenty-five thousand dollars (\$25,000) and not exceeding fifty
9 thousand dollars (\$50,000); at the rate of four percent (4%) upon all amounts in excess of fifty
10 thousand dollars (\$50,000) and not exceeding one hundred thousand dollars (\$100,000); at the rate
11 of five percent (5%) upon all amounts in excess of one hundred thousand dollars (\$100,000) and
12 not exceeding two hundred fifty thousand dollars (\$250,000); at the rate of six percent (6%) upon
13 all amounts in excess of two hundred fifty thousand dollars (\$250,000) and not exceeding five
14 hundred thousand dollars (\$500,000); at the rate of seven percent (7%) upon all amounts in excess
15 of five hundred thousand dollars (\$500,000) and not exceeding seven hundred fifty thousand dollars
16 (\$750,000); at the rate of eight percent (8%) upon all amounts in excess of seven hundred fifty
17 thousand dollars (\$750,000) and not exceeding one million dollars (\$1,000,000); at the rate of nine
18 percent (9%) upon all amounts in excess of one million dollars (\$1,000,000). An additional tax is

1 imposed at the rate of two percent (2%) upon all or any part of each estate devised, bequeathed, or
2 conveyed in such manner that it becomes necessary to postpone the assessment of taxes imposed
3 by this chapter until the person entitled to the estate comes into beneficial enjoyment or possession
4 of the estate; and provided, further, that an additional tax is not assessed and collected, as provided
5 in §§ 44-23-9 -- 44-23-12, in case a settlement of taxes is effected under the provisions of § 44-23-
6 25.

7 ~~(b) In computing the value of the net estate in subsection (a) of this section, there is~~
8 ~~deducted from the estate and exempted from the tax twenty-five thousand dollars (\$25,000).~~

9 In computing the value of the net estate in subsection (a) of this section, there is deducted
10 from the estate and exempted from the tax all property of the decedent, up to the value of five
11 million dollars (\$5,000,000).

12 (c) In computing the value of the net estate in subsection (a) of this section, there is
13 deducted from the estate and exempted from the tax all property or interests transferred to any
14 corporation, association, or institution located in Rhode Island which is exempt from taxation by
15 charter or under the laws of this state; or to any corporation, association, or institution located
16 outside of this state, which if located within this state, would be exempt from taxation; provided,
17 that the state of domicile of the corporation, association, or institution allows a reciprocal
18 exemption to any similar Rhode Island corporation, association, or institution; or to any person in
19 trust for the same or for use by the same for charitable purposes; or to any city or town in this state
20 for public purposes.

21 (d) In computing the value of the net estate in subsection (a) of this section, there is
22 deducted from the estate and exempted from the tax United States civil and federal military service
23 annuity payments.

24 (e) In computing the value of the net estate in subsection (a) of this section, there is
25 deducted from the estate and exempted from the estate tax a marital deduction, as defined in 26
26 U.S.C. § 2056, in the amount of one hundred seventy-five thousand dollars (\$175,000), from
27 property or beneficial interests which pass or have passed from the decedent to the surviving
28 spouse, but only to the extent that the interests are included in determining the value of the gross
29 estate.

30 (f)(1) In computing the value of the net estate in subsection (a) of this section, there is
31 deducted from the estate and exempted from the estate tax, an orphan's deduction, provided, that:
32 (i) the decedent does not have a surviving spouse, and (ii) the decedent is survived by a minor child
33 who, immediately after the death of the decedent, has no known parent, an amount equal to the
34 value of any interest in property which passes or has passed from the decedent to the child, but only

1 to the extent that the interest is included in determining the value of the gross estate. The aggregate
2 amount of the deductions allowed under this section (computed without regard to this subsection)
3 with respect to interests in property passing to any minor child shall not exceed an amount equal to
4 five thousand dollars (\$5,000) multiplied by the excess of twenty-one (21) over the age (in years)
5 which the child has attained on the date of the decedent's death.

6 (2) For purposes of this subsection, any term used in the subsection has the same meaning
7 as when used in a comparable context in 26 U.S.C. § 2057 unless a different meaning is clearly
8 required.

9 (g) Notwithstanding any other provisions of this chapter, the total estate tax payment on
10 account of the estate of a decedent whose death occurs on or after January 1, 1986, is that percentage
11 of the estate tax which would be payable under this chapter determined in accordance with the
12 following schedule:

13 (1) Death prior to January 1, 1987. Ninety percent (90%) in the case of decedents whose
14 deaths occur on or after January 1, 1986, and prior to January 1, 1987;

15 (2) Death prior to January 1, 1988. Eighty percent (80%) in the case of decedents whose
16 deaths occur on or after January 1, 1987, and prior to January 1, 1988;

17 (3) Death prior to January 1, 1989. Sixty percent (60%) in the case of decedents whose
18 deaths occur on or after January 1, 1988, and prior to January 1, 1989;

19 (4) Death prior to January 1, 1990. Forty percent (40%) in the case of decedents whose
20 deaths occur on or after January 1, 1989, and prior to January 1, 1990;

21 (5) Death prior to June 1, 1990. Twenty percent (20%) in the case of decedents whose
22 deaths occur on or after January 1, 1990, and prior to June 1, 1990;

23 (6) Death prior to January 1, 1992. Forty percent (40%) in the case of decedents whose
24 deaths occur on or after June 1, 1990, and prior to January 1, 1992.

25 (7) Death on or after January 1, 1992. The estate tax payable on or account of the estate of
26 a decedent whose death occurs on or after January 1, 1992, is determined in accordance with § 44-
27 22-1.1.

28 (h) The estate tax payable under this section shall in no event be less than the estate tax due
29 under § 44-22-1.1, computed without regard to the date of death.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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- 1 This act would exempt from the estate tax all property up to the value of five million dollars
- 2 (\$5,000,000).
- 3 This act would take effect upon passage.

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