

2014 -- H 7750

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LC003223
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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 AND TRANSFER TAXES - LIABILITY AND
COMPUTATION

Introduced By: Representatives Ucci, Winfield, Martin, Azzinaro, and Kazarian

Date Introduced: February 27, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-22-1, 44-22-1.1 and 44-22-2 of the General Laws in Chapter
2 44-22 entitled "Estate and Transfer Taxes - Liability and Computation" are hereby repealed.

3 ~~44-22-1. Tax on net estate of decedents -- Additional tax on postponed enjoyment --~~
4 ~~Deductions -- Marital deduction. --~~ (a) A tax is imposed upon the transfer of the net estate of
5 every resident or nonresident decedent as a tax upon the right to transfer. The tax is imposed at
6 the rate of two percent (2%) upon all amounts not in excess of twenty five thousand dollars
7 (\$25,000); at the rate of three percent (3%) upon all amounts in excess of twenty five thousand
8 dollars (\$25,000) and not exceeding fifty thousand dollars (\$50,000); at the rate of four percent
9 (4%) upon all amounts in excess of fifty thousand dollars (\$50,000) and not exceeding one
10 hundred thousand dollars (\$100,000); at the rate of five percent (5%) upon all amounts in excess
11 of one hundred thousand dollars (\$100,000) and not exceeding two hundred fifty thousand dollars
12 (\$250,000); at the rate of six percent (6%) upon all amounts in excess of two hundred fifty
13 thousand dollars (\$250,000) and not exceeding five hundred thousand dollars (\$500,000); at the
14 rate of seven percent (7%) upon all amounts in excess of five hundred thousand dollars
15 (\$500,000) and not exceeding seven hundred fifty thousand dollars (\$750,000); at the rate of eight
16 percent (8%) upon all amounts in excess of seven hundred fifty thousand dollars (\$750,000) and
17 not exceeding one million dollars (\$1,000,000); at the rate of nine percent (9%) upon all amounts
18 in excess of one million dollars (\$1,000,000). An additional tax is imposed at the rate of two

1 ~~percent (2%) upon all or any part of each estate devised, bequeathed, or conveyed in such manner~~
2 ~~that it becomes necessary to postpone the assessment of taxes imposed by this chapter until the~~
3 ~~person entitled to the estate comes into beneficial enjoyment or possession of the estate; and~~
4 ~~provided, further, that an additional tax is not assessed and collected, as provided in sections 44-~~
5 ~~23-9—44-23-12, in case a settlement of taxes is effected under the provisions of section 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 ~~(c) In computing the value of the net estate in subsection (a) of this section, there is~~
10 ~~deducted from the estate and exempted from the tax all property or interests transferred to any~~
11 ~~corporation, association, or institution located in Rhode Island which is exempt from taxation by~~
12 ~~charter or under the laws of this state; or to any corporation, association, or institution located~~
13 ~~outside of this state, which if located within this state, would be exempt from taxation; provided,~~
14 ~~that the state of domicile of the corporation, association, or institution allows a reciprocal~~
15 ~~exemption to any similar Rhode Island corporation, association, or institution; or to any person in~~
16 ~~trust for the same or for use by the same for charitable purposes; or to any city or town in this~~
17 ~~state for public purposes.~~

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

21 ~~(e) 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 estate tax a marital deduction, as defined in 26~~
23 ~~U.S.C. section 2056, in the amount of one hundred seventy five thousand dollars (\$175,000),~~
24 ~~from property or beneficial interests which pass or have passed from the decedent to the surviving~~
25 ~~spouse, but only to the extent that the interests are included in determining the value of the gross~~
26 ~~estate.~~

27 ~~(f) (1) In computing the value of the net estate in subsection (a) of this section, there is~~
28 ~~deducted from the estate and exempted from the estate tax, an orphan's deduction, provided, that:~~
29 ~~(i) the decedent does not have a surviving spouse, and (ii) the decedent is survived by a minor~~
30 ~~child who, immediately after the death of the decedent, has no known parent, an amount equal to~~
31 ~~the value of any interest in property which passes or has passed from the decedent to the child,~~
32 ~~but only to the extent that the interest is included in determining the value of the gross estate. The~~
33 ~~aggregate amount of the deductions allowed under this section (computed without regard to this~~
34 ~~subsection) with respect to interests in property passing to any minor child shall not exceed an~~

1 amount equal to five thousand dollars (\$5,000) multiplied by the excess of twenty one (21) over
2 the age (in years) which the child has attained on the date of the decedent's death.

3 ~~(2) For purposes of this subsection, any term used in the subsection has the same~~
4 ~~meaning as when used in a comparable context in 26 U.S.C. section 2057 unless a different~~
5 ~~meaning is clearly required.~~

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

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

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

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

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

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

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

22 ~~(7) Death on or after January 1, 1992.—The estate tax payable on or account of the estate~~
23 ~~of a decedent whose death occurs on or after January 1, 1992, is determined in accordance with~~
24 ~~section 44-22-1.1.~~

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

27 **44-22-1.1. Tax on net estate of decedent.** ~~(a) (1) For decedents whose death occurs on~~
28 ~~or after January 1, 1992, but prior to January 1, 2002, a tax is imposed upon the transfer of the net~~
29 ~~estate of every resident or nonresident decedent as a tax upon the right to transfer. The tax is a~~
30 ~~sum equal to the maximum credit for state death taxes allowed by 26 U.S.C. section 2011.~~

31 ~~(2) For decedents whose death occurs on or after January 1, 2002, but prior to January 1,~~
32 ~~2010 a tax is imposed upon the transfer of the net estate of every resident or nonresident decedent~~
33 ~~as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death~~
34 ~~taxes allowed by 26 U.S.C. section 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 six hundred~~
2 ~~seventy five thousand dollars (\$675,000). Any scheduled increase in the unified credit provided~~
3 ~~in 26 U.S.C. section 2010 in effect on January 1, 2001, or thereafter, shall not apply.~~

4 ~~(3) For decedents whose death occurs on or after January 1, 2010, a tax is imposed upon~~
5 ~~the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to~~
6 ~~transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.~~
7 ~~section 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be~~
8 ~~imposed only if the net taxable estate shall exceed eight hundred and fifty thousand dollars~~
9 ~~(\$850,000); provided, further, beginning on January 1, 2011 and each January 1 thereafter, said~~
10 ~~amount shall be adjusted by the percentage of increase in the Consumer Price Index for all Urban~~
11 ~~Consumers (CPI-U) as published by the United States Department of Labor Statistics determined~~
12 ~~as of September 30 of the prior calendar year; said adjustment shall be compounded annually and~~
13 ~~shall be rounded up to the nearest five dollar (\$5.00) increment. Any scheduled increase in the~~
14 ~~unified credit provided in 26 U.S.C. section 2010 in effect on January 1, 2003, or thereafter, shall~~
15 ~~not apply.~~

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

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

28 ~~(2) For decedents whose death occurs on or after January 1, 2002, the terms "gross~~
29 ~~taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of~~
30 ~~this title has the same meaning as when used in a comparable context in the laws of the United~~
31 ~~States, unless a different meaning is clearly required by the provisions of this chapter or chapter~~
32 ~~23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue~~
33 ~~Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C.~~
34 ~~section 1 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.~~

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

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

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

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

6 ~~**44-22-2. Exemption -- Missing persons in military action.** -- An estate of a serviceman~~
7 ~~or servicewoman who has been classified by the armed forces of the United States as missing in~~
8 ~~action is exempt from provisions of this chapter pertaining to taxation.~~

9 SECTION 2. Sections 44-23-8, 44-23-9, 44-23-9.1, 44-23-10, 44-23-11, 44-23-12, 44-
10 23-13, 44-23-14, 44-23-15, 44-23-16, 44-23-16.1, 44-23-17, 44-23-18, 44-23-23, 44-23-24, 44-
11 23-25, 44-23-26, 44-23-31 and 44-23-38 of the General Laws in Chapter 44-23 entitled "Estate
12 and Transfer Taxes - Enforcement and Collection" are hereby repealed.

13 ~~**44-23-8. Estates where no will has been offered or letters granted.** -- If upon the~~
14 ~~decease of a person leaving an estate liable to a tax under the provisions of chapter 22 of this title,~~
15 ~~a will disposing of the estate is not offered for probate or an application for administration is not~~
16 ~~made within three (3) months after the decease, the tax administrator may in his or her discretion,~~
17 ~~with the approval of the attorney general, agree with the persons interested in the estate as to the~~
18 ~~value of the estate and the amount of the tax to be assessed on the estate, or the tax administrator~~
19 ~~may apply to the probate court for the appointment of an administrator of the estate, and the~~
20 ~~probate court upon the application shall appoint an administrator of the estate.~~

21 ~~**44-23-9. Assessment and notice of estate tax -- Collection powers -- Lien.** -- The tax~~
22 ~~imposed by section 44-22-1.1 shall be assessed upon the full and fair cash value of the net estate~~
23 ~~determined by the tax administrator as provided in this chapter. Notice of the amount of the tax~~
24 ~~shall be mailed to the executor, administrator, or trustee, but failure to receive the notice does not~~
25 ~~excuse the nonpayment of or invalidate the tax. The tax administrator shall receive and collect the~~
26 ~~assessed taxes in the same manner and with the same powers as are prescribed for and given to~~
27 ~~the collectors of taxes by chapters 7 -- 9 of this title. The tax shall be due and payable as provided~~
28 ~~in section 44-23-16, shall be paid to the tax administrator, and shall be and remain a lien upon the~~
29 ~~estate until it is paid. All executors, administrators, and trustees are personally liable for the tax~~
30 ~~until it is paid.~~

31 ~~**44-23-9.1. Hearing by tax administrator on application.** -- An executor, administrator,~~
32 ~~trustee, legatee or other person aggrieved by a final assessment of the tax administrator as to the~~
33 ~~amount of the tax imposed by chapter 22 of this title on any estate or any part of the estate shall~~
34 ~~notify the tax administrator, in writing, within thirty (30) days from the date of mailing by the tax~~

1 administrator of the notice of the final assessment or date tax is due, whichever is later, and shall
2 request a hearing relative to the tax; and the tax administrator shall, as soon as practicable, fix a
3 time and place for the hearing and shall, after the hearing, determine the correct amount of the
4 tax, interest, and penalties.

5 **44-23-10. Deposit with tax administrator to cover taxes.** -- An executor, administrator,
6 or trustee may deposit with the tax administrator a sum of money sufficient in the opinion of the
7 tax administrator to pay all taxes, which may become due under the provisions of chapter 22 of
8 this title. When the taxes have been determined, the general treasurer shall, upon certification by
9 the tax administrator and with the approval of the controller, repay to the executor, administrator,
10 or trustee the difference between the determined taxes and the amount deposited, or the tax
11 administrator shall collect any deficiency in the tax. The lien upon the estate imposed under
12 section 44-23-9 is discharged by the acceptance of the deposit.

13 **44-23-11. Tentative assessment.** -- At the request of an executor, administrator, or
14 trustee the tax administrator may make a tentative assessment of taxes under the provisions of
15 sections 44-22-1 and 44-22-1.1, whichever section is in effect at the time, to prevent interest
16 charges on the amount of the tentative assessment, and shall accept payment of that sum, and
17 when the taxes have been finally determined, the general treasurer shall, upon certification by the
18 tax administrator and with the approval of the controller, repay to the executor, administrator, or
19 trustee the difference between the taxes so determined and the amount of the tentative
20 assessment, or the tax administrator shall collect any deficiency in the taxes together with interest
21 on the deficiency, if any is due.

22 **44-23-12. Recording of lien against real estate -- Discharge.** -- Whenever a statement
23 is filed with the tax administrator showing the ownership of real property, the tax administrator
24 shall notify the recorder of deeds or the clerk of the city or town, as the case may be, in which the
25 real property is located, and the recorder of deeds shall note in the land records of his or her office
26 the decedent's name, and the fact that all real property belonging to the decedent is impressed
27 with a lien under the provisions of this chapter. Upon the discharge of the lien, the tax
28 administrator shall send the recorder of deeds a further notice showing the discharge and the
29 manner of the discharge. The recorder of deeds is paid out of any money appropriated for
30 expenses of tax administration, a fee of one dollar and fifty cents (\$1.50) for a completed entry.

31 **44-23-13. Assessment and notice of transfer tax -- Collection powers -- Lien on**
32 **property.** -- (a) All taxes imposed by section 44-22-1.1 shall be assessed by the tax administrator
33 upon the full and fair cash value of the property transferred at the rates described in chapter 22 of
34 this title and only upon the amount in excess of the exemptions or deductions specified in that

1 ~~chapter, to be paid to the tax administrator, and all executors, administrators, or trustees are~~
2 ~~personally liable for any and all taxes until they are paid. Notice of the amount of the taxes shall~~
3 ~~be mailed to the executor, administrator or trustee liable for the taxes, and upon request made to~~
4 ~~the tax administrator to any other person by whom the taxes are payable, but failure to receive the~~
5 ~~notice does not excuse the nonpayment of or invalidate the taxes. Unless appeal is taken from the~~
6 ~~assessment, as provided in this chapter, the amount of assessed taxes is final.~~

7 ~~(b) The tax administrator shall receive and collect the assessed taxes in the manner and~~
8 ~~with the powers prescribed and given to the collectors of taxes by chapters 7—9 of this title.~~
9 ~~Payment of the certified amount is a discharge of the tax.~~

10 ~~(c) The taxes are and remain a lien upon the property transferred, and upon all property~~
11 ~~acquired by the executor, administrator or trustee in substitution for the property while that~~
12 ~~property remains in his or her hands until the taxes are paid, but the lien does not affect any~~
13 ~~tangible personal property or intangible personal property after it has passed to a bona fide~~
14 ~~purchaser for value. Nothing contained in this section gives the owner of any securities specified~~
15 ~~in section 44-23-34 the right to have the securities transferred to the owner by the corporation,~~
16 ~~association, company or trust issuing the securities, until the permit required by section 44-23-34~~
17 ~~has been filed as provided in section 44-23-34.~~

18 ~~**44-23-14. Discharge of lien on real estate -- Liability of heir or devisee.** -- The lien~~
19 ~~imposed under section 44-23-13 upon any real estate or separate parcel of real estate may be~~
20 ~~discharged by the payment of all taxes due and to become due upon the real estate or separate~~
21 ~~parcel, or by an order of the tax administrator transferring the lien to other real estate owned by~~
22 ~~the person to whom the real estate or separate parcel of the real estate passes, or by the~~
23 ~~acceptance of the surety for the payment of taxes which the tax administrator may approve. The~~
24 ~~heir, devisee, or other donee is personally liable for the tax on the real estate, as well as the~~
25 ~~executor, administrator, or trustee; and if the executor, administrator, or trustee pays the tax he or~~
26 ~~she shall, unless the tax is made an expense of administration by the will or other instrument of~~
27 ~~the decedent, have the right to recover the tax from the heir, devisee, or other donee of the real~~
28 ~~estate.~~

29 ~~**44-23-15. Taxes as debt to state.** -- The taxes imposed under the provisions of chapter~~
30 ~~22 of this title, together with all penalties, charges and interest shall also become, from the time~~
31 ~~the taxes are due and payable, a debt to the state of Rhode Island from the person or corporation~~
32 ~~liable for the payment of the taxes.~~

33 ~~**44-23-16. Time taxes due -- Interest and additions to tax on delinquent payments.** --~~
34 ~~All taxes imposed by chapter 22 of this title, unless provided, are due and payable nine (9)~~

1 ~~months after the date of death of the decedent. If the taxes are not paid within nine (9) months~~
2 ~~from the date of death, interest shall be charged and collected at the annual rate provided by~~
3 ~~section 44-1-7 from the time the tax is due, determined without regard to any extension of time~~
4 ~~for payment. In addition, if the taxes are not paid when due (determined with regard to any~~
5 ~~extension of time for payment), there is added to the amount of tax due five tenths percent (0.5%)~~
6 ~~of the tax per month to a maximum of twenty five percent (25%) unless it is shown that the~~
7 ~~failure to pay is due to reasonable cause and not due to willful neglect.~~

8 ~~**44-23-16.1. Interest on overpayments.** -- If it is determined that any overpayment has~~
9 ~~been made with respect to taxes imposed by chapter 22 of this title, the amount of the~~
10 ~~overpayment bears interest at the annual rate established by section 44-1-7.1. The acceptance of~~
11 ~~the check shall be without prejudice to any right of the taxpayer to claim any additional~~
12 ~~overpayment and interest.~~

13 ~~**44-23-17. Suspension of tax payment pending claim against estate.** -- Whenever it is~~
14 ~~necessary in the settlement of any estate to retain property or funds for the purpose of paying the~~
15 ~~claim of any creditor, the amount or validity of which is contested and is not determined, the~~
16 ~~payment of the whole or a proportionate part of the tax may be suspended, by and with the~~
17 ~~approval of the tax administrator, to await the disposition of the claim.~~

18 ~~**44-23-18. Extension of time for payment of additional estate tax.** -- Whenever the tax~~
19 ~~administrator finds that the payment of the tax imposed by section 44-22-1.1 causes undue~~
20 ~~hardship, the tax administrator may, in his or her discretion, with the approval of the attorney~~
21 ~~general and by agreement with the executor, administrator, or trustee, extend the time for~~
22 ~~payment of the whole or any part of the tax for a period not to exceed four (4) years from the date~~
23 ~~the tax is due and payable, and may provide for payment in installments. In that case the amount~~
24 ~~in respect of which the extension is granted shall be paid with or without interest, on or before the~~
25 ~~date of the expiration of the period of the extension.~~

26 ~~**44-23-23. Sale of property to pay tax.** -- Every executor, administrator, or trustee has~~
27 ~~full power to sell, upon application to the probate court, so much of the property of the decedent~~
28 ~~as will enable him or her to pay any tax imposed by chapter 22 of this title in the manner he or~~
29 ~~she might be entitled by law to do for the payment of the debts of the testator or intestate.~~

30 ~~**44-23-24. Refusal to furnish information or obey subpoena.** -- If any executor,~~
31 ~~administrator, heir at law, or trustee, probate clerk or other person neglects or refuses to file any~~
32 ~~statement as required by the provisions of this chapter, or to furnish any other information~~
33 ~~required by this chapter, or neglects or refuses to comply with any subpoena issued under the~~
34 ~~authority of section 44-23-5, the tax administrator may apply to the sixth (6th) division of the~~

1 ~~district court, upon proof by affidavit of the neglect or refusal, for an order returnable in not less~~
2 ~~than two (2) nor more than five (5) days, directing the person charged in the affidavit with the~~
3 ~~neglect or refusal to show cause before the judge who made the order, or any other judge of the~~
4 ~~court, why the person should not be adjudged in contempt. Upon the return of the order, the judge~~
5 ~~before whom the matter is brought for a hearing shall examine the person under oath, and the~~
6 ~~person shall be given an opportunity to be heard. If the judge determines that the person has~~
7 ~~without reasonable cause been guilty of the neglect or refusal complained of, the judge may~~
8 ~~immediately commit the offender to the adult correctional institutions, to remain there until the~~
9 ~~offender submits to file the statement required or to furnish the information required, or to obey~~
10 ~~the subpoena, as the case may be, or is discharged according to law, or the judge may make any~~
11 ~~other order in the premises that the circumstances of the case may seem to the judge to require,~~
12 ~~and may from time to time alter, amend or suspend any order entered by the judge under this~~
13 ~~section. Notwithstanding anything contained in this section or in section 44-23-5, whenever any~~
14 ~~executor, administrator, heir at law, trustee, or other person liable for any tax imposed under the~~
15 ~~provisions of chapter 22 of this title, refuses or neglects to furnish any information which in the~~
16 ~~opinion of the tax administrator is necessary for the proper computation of the taxes payable~~
17 ~~under that chapter, after having been requested so to do, the tax administrator may in his or her~~
18 ~~discretion assess and collect the taxes at the highest rate at which they could in any event be~~
19 ~~computed. A party aggrieved by an order of the court may appeal the order to the supreme court~~
20 ~~in accordance with the procedures contained in the rules of appellate procedure of the supreme~~
21 ~~court.~~

22 **44-23-25. Settlement of taxes due.** ~~--- The tax administrator, with the approval of the~~
23 ~~attorney general, may effect a settlement of the amount of any taxes imposed by chapter 22 of this~~
24 ~~title as they deem to be for the best interests of the state, and the payment of amount agreed upon~~
25 ~~is a full satisfaction of the taxes; provided, that the settlement and assessment are made only with~~
26 ~~the consent of the executor of the will or the trustee under the other instrument, or, in the case of a~~
27 ~~transfer by will of real estate, of the persons entitled to the real estate, or, if the real estate passes~~
28 ~~to a trustee for those persons, then of the trustee. The settlement, in accordance with the~~
29 ~~provisions of this section, of a tax upon any transfer of property subject to a power of~~
30 ~~appointment, if the agreement of settlement provides, precludes the assessment under this chapter~~
31 ~~or under any act hereafter passed of any further tax, with respect to the right to transfer, upon or~~
32 ~~with respect to the transfer of any property at the time subject to the power, as a part of the estate~~
33 ~~of the donee of the power. The agreement is binding upon all persons taking property subject to~~
34 ~~the tax, except for fraud or manifest error; and executors and trustees are expressly authorized to~~

1 ~~enter into an agreement unless a contrary intention appears in the instrument defining their~~
2 ~~powers.~~

3 ~~**44-23-26. Adjustment of clerical or palpable errors.** -- Whenever a clerical or palpable~~
4 ~~error or mistake has been made in any statement filed with the tax administrator under the~~
5 ~~provisions of this chapter concerning any matter of information, or in entering amounts or figures,~~
6 ~~the tax administrator may assess an additional tax and receive and collect the tax. In the event that~~
7 ~~the error or mistake has resulted in an over assessment, and in case the tax has already been paid~~
8 ~~to the tax administrator the general treasurer shall, upon certification by the tax administrator and~~
9 ~~with the approval of the controller, refund any overpayment to the executor, administrator, heir-~~
10 ~~at law, or trustee, or to the person by whom the tax was paid, without any further act or resolution~~
11 ~~making appropriation for the refund; provided, that not more than four (4) years have elapsed~~
12 ~~from the payment of the tax.~~

13 ~~**44-23-31. Interest on tax pending arbitration of domicile.** -- In any case where it is~~
14 ~~determined by the board of arbitration referred to in section 44-23-30 that the decedent died~~
15 ~~domiciled in this state, penalties and interest for nonpayment of the tax, between the date of the~~
16 ~~election and the final determination of the board, shall not exceed, in the aggregate, four percent~~
17 ~~(4%) of the amount of the taxes per annum.~~

18 ~~**44-23-38. Termination of lien.** -- Any other provision of this or chapter 22 of this title to~~
19 ~~the contrary notwithstanding, a lien created by those chapters ceases to be a lien upon or~~
20 ~~enforceable against real estate upon the expiration of a period of ten (10) years from and after the~~
21 ~~death of the person whose act, failure to act, or death gave rise to the lien, regardless of the date~~
22 ~~of death.~~

23 SECTION 3. Section 44-23-37 of the General Laws in Chapter 44-23 entitled "Estate and
24 Transfer Taxes - Enforcement and Collection" is hereby amended to read as follows:

25 ~~**44-23-37. Applicability of enforcement provisions.** -- Sections 44-23-1 – [44-23-7](#) ~~44-~~~~
26 ~~[23-8](#), [44-23-17](#), [44-23-23](#), [44-23-24](#), and 44-23-33 -- 44-23-36 apply to the tax imposed under the~~
27 ~~provisions of § 44-22-1 or 44-22-1.1, whichever is in effect at the time.~~

28 SECTION 4. This act shall take effect on January 1, 2015 and apply to all probate estates
29 filed on or after January 1, 2015.

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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

1 This act would repeal the estate tax for all probate estates filed on or after January 1,
2 2015 as well as all provisions relating to enforcement and collection thereof.

3 This act would take effect on January 1, 2015 and apply to all probate estates filed on or
4 after January 1, 2015.

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LC003223
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