

2014 -- H 7809

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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

Introduced By: Representative Michael J. Marcello

Date Introduced: March 04, 2014

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.** -- (a) (1) For decedents whose death occurs on
4 or after January 1, 1992, but prior to January 1, 2002, a tax is imposed upon the transfer of the net
5 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, and 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, until January 15, 2015, said amount shall be adjusted by the
2 percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as
3 published by the United States Department of Labor Statistics determined as of September 30 of
4 the prior calendar year; said adjustment shall be compounded annually and shall be rounded up to
5 the nearest five dollar (\$5.00) increment. Any scheduled increase in the unified credit provided in
6 26 U.S.C. section 2010 in effect on January 1, 2003, or thereafter, shall not apply.

7 (4) For decedents whose death occurs on or after January 1, 2015, a tax is imposed upon
8 the transfer of the net Rhode Island estate of every resident or nonresident decedent as a tax upon
9 the right to transfer. The amount of tax is determined as provided in this subsection (4).

10 (i) If the Rhode Island taxable estate is two million dollars (\$2,000,000) or less, the tax is
11 zero.

12 (ii) If the Rhode Island taxable estate is more than two million dollars (\$2,000,000), but
13 no more than five million dollars (\$5,000,000), the tax is eight percent (8%) of the excess over
14 two million dollars (\$2,000,000).

15 (iii) If the Rhode Island taxable estate is more than five million dollars (\$5,000,000), but
16 no more than eight million dollars (\$8,000,000), the tax is two hundred forty thousand dollars
17 (\$240,000), plus ten percent (10%) of the excess over five million dollars (\$5,000,000).

18 (iv) If the Rhode Island taxable estate is more than eight million dollars (\$8,000,000), the
19 tax is five hundred forty thousand dollars (\$540,000), plus twelve percent (12%) of the excess
20 over eight million dollars (\$8,000,000).

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. section 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.
5 section 1 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, 2014.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION - ESTATE AND TRANSFER TAXES

1 This act would increase the estate tax exemption to two million dollars (\$2,000,000) and
2 provides for a graduated schedule with rates ranging from eight percent (8%) for estates between
3 two million one dollars (\$2,000,001) and five million dollars (\$5,000,000), ten percent (10%) for
4 estates between five million one dollars (\$5,000,001) and eight million dollars (\$8,000,000), and
5 twelve percent (12%) for estates in excess of eight million one dollars (\$8,000,001).

6 This act would take effect upon passage, and would apply to the estates of decedents
7 dying after December 31, 2014.

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