

2018 -- H 7844

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

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

Introduced By: Representatives Cunha, Shanley, McLaughlin, Maldonado, and Barros

Date Introduced: February 28, 2018

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 a tax is imposed upon the transfer of the net estate of every resident or nonresident decedent  
17 as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death  
18 taxes allowed by 26 U.S.C. § 2011 as it was in effect as of January 1, 2001; provided, however,

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

9 (4) For decedents whose death occurs on or after January 1, 2015, a tax is imposed upon  
10 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to  
11 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.  
12 Section 2011, as it was in effect as of January 1, 2001; provided, however, that a Rhode Island  
13 credit shall be allowed against any tax so determined in the amount of sixty-four thousand four  
14 hundred (\$64,400). Any scheduled increase in the unified credit provided in 26 U.S.C. Section  
15 2010 in effect on January 1, 2003, or thereafter, shall not apply; provided, further, beginning on  
16 January 1, 2016 and each January 1 thereafter, said Rhode Island credit amount under this section  
17 shall be adjusted by the percentage of increase in the Consumer Price Index for all Urban  
18 Consumers (CPI-U) as published by the United States Department of Labor Statistics determined  
19 as of September 30 of the prior calendar year; said adjustment shall be compounded annually and  
20 shall be rounded up to the nearest five dollar (\$5.00) increment.

21 (5) Notwithstanding any provision of the general laws contained in this chapter to the  
22 contrary, in the event that the final state tax collection for any fiscal year exceeds the  
23 recommended state tax collections figure published in the governor's proposed 2019 budget by an  
24 amount greater than the governor's recommended estate and transfer tax revenue estimate in any  
25 one year over the next five (5) years, no tax shall be imposed under this section upon any  
26 decedent whose death occurs on or after January 1 of the following calendar year, and the state's  
27 estate tax shall be permanently and completely repealed.

28 For the purposes of calculating a tax pursuant to this section, the governor's 2019 budget  
29 provides estimates which project that general revenues for the next five (5) years shall be as  
30 follows: 2019 three billion, nine hundred forty-eight million, three hundred fifty-eight thousand,  
31 eight dollars (\$3,948,358,008); 2020 four billion, thirty million, three hundred ninety-six  
32 thousand, two hundred forty-nine dollars (\$4,030,396,249); 2021 four billion, one hundred  
33 twenty-one million, eight hundred forty-six thousand, seven hundred ninety-five dollars  
34 (\$4,121,846,795); 2022 four billion, one hundred seventy-six million, three hundred sixty-seven

1 [thousand, one hundred forty-nine dollars \(\\$4,176,367,149\); 2023 four billion, two hundred sixty-](#)  
2 [one million, fifty-eight thousand, one hundred twenty-nine dollars \(\\$4,261,058,129\).](#)  
3 [Furthermore, the same budget provides estimates which project the estate and transfer tax](#)  
4 [revenues for the next five \(5\) years shall be as follows: 2019 twenty-nine million, five hundred](#)  
5 [thousand dollars \(\\$29,500,000\); 2020 thirty million, four hundred thirty-six thousand, five](#)  
6 [hundred forty-two dollars \(\\$30,436,542\); 2021 thirty-one million, seven hundred seventy-eight](#)  
7 [thousand, seven hundred fifty-nine dollars \(\\$31,778,759\); 2022 thirty-three million, six hundred](#)  
8 [fifty-eight thousand, eighty three dollars \(\\$33,658,083\); 2023 thirty five million, six hundred](#)  
9 [forty-six thousand, four hundred forty-four dollars \(\\$35,646,444\).](#)

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

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

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

29 [\(3\) The term "state tax collections" means the sum of those taxes, departmental receipts,](#)  
30 [and other general revenue sources \(but excluding federal funds\) for a given fiscal year as reported](#)  
31 [by the Rhode Island department of revenue.](#)

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

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

34 (1) If it is real estate or tangible personal property and has actual situs within the state of

- 1 Rhode Island; or
- 2 (2) If it is intangible personal property and the decedent was a resident.
- 3 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 provide that the estate tax be eliminated if state revenues increase in any  
2 given year beyond the governor's budget projections in an amount greater than the revenue that is  
3 estimated to be generated by the estate tax.

4           This act would take effect upon passage.

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