

2011 -- S 0147

LC00820

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO TAXATION – ESTATE TAX

Introduced By: Senators E O'Neill, Sheehan, Picard, Algieri, and Bates

Date Introduced: February 03, 2011

Referred To: Senate 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 (effective on January 1, 2011).** -- (a) (1) For
4 decedents whose death occurs on or after January 1, 1992, but prior to January 1, 2002, a tax is
5 imposed upon the transfer of the net estate of every resident or nonresident decedent as a tax upon
6 the right to transfer. The tax is a sum equal to the maximum credit for state death taxes allowed
7 by 26 U.S.C. section 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. section 2011 as it was in effect as of January 1, 2001; provided,
12 however, that the tax shall be imposed only if the net taxable estate shall exceed ~~six hundred~~
13 ~~seventy five thousand dollars (\$675,000)~~ two million dollars (\$2,000,000); said amount shall be
14 adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers
15 (CPI-U) as published by the United States Department of Labor Statistics determined as of
16 September 30 of the prior calendar year; said adjustment shall be compounded annually and shall
17 be rounded up to the nearest five dollar (\$5.00) increment. Provided further, the tax shall be
18 calculated and imposed only on the amount of the net taxable estate that exceeds two million
19 dollars (\$2,000,000). Any scheduled increase in the unified credit provided in 26 U.S.C. section

1 2010 in effect on January 1, 2001, or thereafter, shall not apply.

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

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

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

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

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

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

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

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

4 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 all net taxable estates with an exemption from the estate and
2 transfer tax of two million dollars (\$2,000,000).

3 This act would take effect upon passage.

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