

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

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

Introduced By: Senators Gallo, Goodwin, Lynch Prata, McCaffrey, and Felag

Date Introduced: March 02, 2017

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.**

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) For decedents whose death occurs on or after January 1, 2018, a tax is imposed upon
22 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to
23 transfer. The tax shall be imposed only if the net taxable estate shall exceed two million five
24 hundred thousand dollars (\$2,500,000); said amount shall be adjusted by the percentage of
25 increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the
26 United States Department of Labor Statistics determined as of September 30 of the prior calendar
27 year; said adjustment shall be compounded annually and shall be rounded up to the nearest five
28 dollar (\$5.00) increment. Provided, further, the tax shall be calculated and imposed only on the
29 amount of the net taxable estate that exceeds two million five hundred thousand dollars
30 (\$2,500,000).

31 (b) If the decedent's estate contains property having a tax situs not within the state, then
32 the tax determined by this section is reduced to an amount determined by multiplying the tax by a
33 fraction whose numerator is the gross estate excluding all property having a tax situs not within
34 the state at the decedent's death and whose denominator is the gross estate. In determining the

1 fraction, no deductions are considered and the gross estate is not reduced by a mortgage or other
2 indebtedness for which the decedent's estate is not liable.

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

9 (2) For decedents whose death occurs on or after January 1, 2002, the terms "gross
10 taxable estate" "federal gross estate" or "net taxable estate" used in this chapter or chapter 23 of
11 this title has the same meaning as when used in a comparable context in the laws of the United
12 States, unless a different meaning is clearly required by the provisions of this chapter or chapter
13 23 of this title. Any reference in this chapter or chapter 23 of this title to the Internal Revenue
14 Code or other laws of the United States means the Internal Revenue Code of 1954, 26 U.S.C. § 1
15 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.

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

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

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

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

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

=====
LC001640
=====

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 increase the value of all net taxable estates for the purpose of the estate
- 2 and transfer tax to two million five hundred thousand dollars (\$2,500,000).
- 3 This act would take effect upon passage.

=====
LC001640
=====