

2011 -- H 5117

LC00524

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO TAXATION – ESTATE AND TRANSFER TAXES

Introduced By: Representatives Ruggiero, Trillo, JP O'Neill, Morgan, and Serpa

Date Introduced: January 25, 2011

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  
4 on or after January 1, 1992, but prior to January 1, 2002, a tax is imposed upon the transfer of the  
5 net 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. § 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. § 2011 as it was in effect as of January 1, 2001; provided, however,  
11 that the tax shall be imposed only if the net taxable estate shall exceed six hundred seventy-five  
12 thousand dollars (\$675,000). Any scheduled increase in the unified credit provided in 26 U.S.C. §  
13 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, a tax is imposed upon  
15 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to  
16 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.  
17 § 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be imposed  
18 only if the net taxable estate shall exceed eight hundred and fifty thousand dollars (\$850,000) ÷  
19 ~~provided, further, beginning on January 1, 2011 and each January 1 thereafter, said amount shall~~

1 ~~be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers~~  
2 ~~(CPI-U) as published by the United States Department of Labor Statistics determined as of~~  
3 ~~September 30 of the prior calendar year; said adjustment shall be compounded annually and shall~~  
4 ~~be rounded up to the nearest five dollar (\$5.00) increment. Any scheduled increase in the unified~~  
5 ~~credit provided in 26 U.S.C. § 2010 in effect on January 1, 2003, or thereafter, shall not apply.~~

6 (4) For decedents whose death occurs on or after January 1, 2012, a tax is imposed upon  
7 the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to  
8 transfer. The tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C.  
9 § 2011 as it was in effect as of January 1, 2001; provided, however, that the tax shall be imposed  
10 only if the net taxable estate shall exceed one million five hundred thousand dollars (\$1,500,000);  
11 provided, further, beginning on January 1, 2013 and each January 1 thereafter, said amount shall  
12 be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers  
13 (CPI-U) as published by the United States Department of Labor Statistics determined as of  
14 September 30 of the prior calendar year; said adjustment shall be compounded annually and shall  
15 be rounded up to the nearest five dollar (\$5.00) increment. Any scheduled increase in the unified  
16 credit provided in 26 U.S.C. § 2010 in effect on January 1, 2003, or thereafter, shall not apply.

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

23 (c) The terms "gross taxable estate", "federal gross estate" or "net taxable estate" used in  
24 this chapter or chapter 23 of this title has the same meaning as when used in a comparable context  
25 in the laws of the United States, unless a different meaning is clearly required by the provisions of  
26 this chapter or chapter 23 of this title. Any reference in this chapter or chapter 23 of this title to  
27 the Internal Revenue Code or other laws of the United States means the Internal Revenue Code of  
28 1954, 26 U.S.C. § 1 et seq.

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

1 et seq., as they were in effect as of January 1, 2001, unless otherwise provided.

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

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

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

5 Rhode Island; or

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

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION – ESTATE AND TRANSFER TAXES

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1           This act would increase the estate tax exemption to one million five hundred thousand  
2 dollars (\$1,500,000) for deaths occurring after January 1, 2012.

3           This act would take effect upon passage.

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