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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

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

Introduced By: Senators Tikoian, Pearson, Gallo, Burke, LaMountain, Lawson, Felag,
Euer, Lombardo, and Ciccone

Date Introduced: January 12, 2024

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 and
2 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 decedent
6 as a tax upon the right to transfer. The tax is a sum equal to the maximum credit for state death
7 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 (\$5.00)
7 increment. Any scheduled increase in the unified credit provided in 26 U.S.C. § 2010 in effect on
8 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 § 2011, as it was in effect as of January 1, 2001; provided, however, that a Rhode Island credit shall
13 be allowed against any tax so determined in the amount of sixty-four thousand four hundred
14 (\$64,400). Any scheduled increase in the unified credit provided in 26 U.S.C. § 2010 in effect on
15 January 1, 2003, or thereafter, shall not apply; provided, further, beginning on January 1, 2016, and
16 each January 1 thereafter, said Rhode Island credit amount under this section shall be adjusted by
17 the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as
18 published by the United States Department of Labor Statistics determined as of September 30 of
19 the prior calendar year; said adjustment shall be compounded annually and shall be rounded up to
20 the nearest five dollar (\$5.00) increment.

21 (5) For decedents whose death occurs on or after January 1, 2025, 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 four million dollars
24 (\$4,000,000). The tax is a sum equal to the maximum credit for state death taxes allowed by 26
25 U.S.C. § 2011, as it was in effect as of January 1, 2001; provided, however, that a Rhode Island
26 credit shall be allowed against any tax so determined. Any scheduled increase in the unified credit
27 provided in 26 U.S.C. § 2010 in effect on January 1, 2003, or thereafter, shall not apply; provided,
28 further, beginning on January 1, 2026, and each January 1 thereafter, said Rhode Island credit
29 amount under this section shall be adjusted by the percentage of increase in the Consumer Price
30 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor
31 Statistics determined as of September 30 of the prior calendar year; said adjustment shall be
32 compounded annually and shall be rounded up to the nearest five dollar (\$5.00) increment.

33 (b) If the decedent's estate contains property having a tax situs not within the state, then
34 the tax determined by this section is reduced to an amount determined by multiplying the tax by a

1 fraction whose numerator is the gross estate excluding all property having a tax situs not within the
2 state at the decedent's death and whose denominator is the gross estate. In determining the fraction,
3 no deductions are considered and the gross estate is not reduced by a mortgage or other
4 indebtedness for which the decedent's estate is not liable.

5 (c)(1) The terms "gross taxable estate," "federal gross estate" or "net taxable estate" used
6 in this chapter or chapter 23 of this title has the same meaning as when used in a comparable context
7 in the laws of the United States, unless a different meaning is clearly required by the provisions of
8 this chapter or chapter 23 of this title. Any reference in this chapter or chapter 23 of this title to the
9 Internal Revenue Code or other laws of the United States means the Internal Revenue Code of
10 1954, 26 U.S.C. § 1 et seq.

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

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

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

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

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

23 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 -- LIABILITY AND
COMPUTATION

- 1 This act would increase the net taxable estate exemption to four million dollars
- 2 (\$4,000,000) for deaths that occur on or after January 1, 2025.
- 3 This act would take effect upon passage.

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