

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 919 Session of
2003

INTRODUCED BY O'BRIEN, YOUNGBLOOD, BARRAR, SHANER, FICHTER,
HERMAN, CAPPELLI, COY, GEIST, LAUGHLIN, THOMAS, WILT, FLICK,
T. STEVENSON, SOLOBAY, BEBKO-JONES, SATHER, BASTIAN, CIVERA,
HANNA, HERSHEY, BELFANTI, KIRKLAND, E. Z. TAYLOR, CRUZ, ZUG,
WANSACZ, S. MILLER, BELARDI, ALLEN, CAWLEY, STABACK,
CORRIGAN, PETRARCA, DeLUCA AND ARMSTRONG, MARCH 19, 2003

REFERRED TO COMMITTEE ON FINANCE, MARCH 19, 2003

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," further providing for inheritance tax exclusions
11 and for inheritance tax.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 2111 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, is amended by
16 adding a subsection to read:

17 Section 2111. Transfers Not Subject to Tax.--* * *

18 (m.1) For estates of decedents dying after December 31,
19 2002, transfers of property to or for the use of the following
20 individuals are exempt from inheritance tax:

1 (1) A decedent's grandfather, grandmother, father, mother or
2 lineal descendant.

3 (2) A spouse of a child of the decedent.

4 (3) A widow or widower of a child of the decedent.

5 * * *

6 Section 2. Section 2116(a) of the act, amended May 24, 2000
7 (P.L.106, No.23), is amended to read:

8 Section 2116. Inheritance Tax.--(a) (1) Inheritance tax
9 upon the transfer of property passing to or for the use of any
10 of the following shall be at the rate of four and one-half per
11 cent:

12 (i) grandfather, grandmother, father, mother, except
13 transfers under subclause (1.2), and lineal descendants; or

14 (ii) wife or widow and husband or widower of a child.

15 (1.1) Inheritance tax upon the transfer of property passing
16 to or for the use of a husband or wife shall be:

17 (i) At the rate of three per cent for estates of decedents
18 dying on or after July 1, 1994, and before January 1, 1995.

19 (ii) At a rate of zero per cent for estates of decedents
20 dying on or after January 1, 1995.

21 (1.2) Inheritance tax upon the transfer of property from a
22 child twenty-one years of age or younger to or for the use of a
23 natural parent, an adoptive parent or a stepparent of the child
24 shall be at the rate of zero per cent.

25 (1.3) Inheritance tax upon the transfer of property passing
26 to or for the use of a sibling shall be at the rate of twelve
27 per cent.

28 (1.4) (i) Inheritance tax upon the transfer of property
29 passing to or for the use of any of the following shall be at
30 the rate set forth in subparagraph (ii):

1 (A) A decedent's grandfather, grandmother, father, mother or
2 lineal descendant.

3 (B) A spouse of a child of the decedent.

4 (C) A widow or widower of a child of the decedent.

5 (ii) Inheritance tax rates upon the transfer of property
6 under subparagraph (i) shall be as follows:

7 (A) Two per cent for estates of decedents dying after
8 December 31, 2002, and before January 1, 2003.

9 (B) One per cent for estates of decedents dying after
10 December 31, 2003, and before January 1, 2005.

11 (2) Inheritance tax upon the transfer of property passing to
12 or for the use of all persons other than those designated in
13 subclause (1), (1.1), (1.2) [or], (1.3) or (1.4) or exempt under
14 section 2111(m) shall be at the rate of fifteen per cent.

15 (3) When property passes to or for the use of a husband and
16 wife with right of survivorship, one of whom is taxable at a
17 rate lower than the other, the lower rate of tax shall be
18 applied to the entire interest.

19 * * *

20 Section 3. This act shall take effect immediately.