

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 607 Session of
2005

INTRODUCED BY SEMMEL, LEH, PISTELLA, THOMAS, BAKER, BALDWIN,
BARRAR, BASTIAN, BEBKO-JONES, BENNINGHOFF, BOYD, BUNT,
CALTAGIRONE, CAPPELLI, CAWLEY, CREIGHTON, DALEY, DALLY,
FAIRCHILD, FICHTER, FORCIER, GEIST, GEORGE, GINGRICH,
GODSHALL, GOODMAN, HANNA, HARRIS, HASAY, HERMAN, HERSHEY,
HESS, HUTCHINSON, KILLION, KOTIK, LEDERER, MACKERETH,
MARSICO, McILHATTAN, McNAUGHTON, METCALFE, S. MILLER, MUSTIO,
NAILOR, PAYNE, PETRARCA, PHILLIPS, PICKETT, RAYMOND,
READSHAW, REICHLEY, RUBLEY, SATHER, SCAVELLO, SCHRODER,
SHANER, B. SMITH, SOLOBAY, STABACK, R. STEVENSON,
T. STEVENSON, E. Z. TAYLOR, WATSON, ZUG, DeLUCA, O'NEILL AND
McILHINNEY, FEBRUARY 16, 2005

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 16, 2005

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 the imposition of
11 inheritance tax, for the rate of inheritance tax and for
12 returns.

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

15 Section 1. Section 2106 of the act of March 4, 1971 (P.L.6,
16 No.2), known as the Tax Reform Code of 1971, added August 4,
17 1991 (P.L.97, No.22), is amended to read:

18 Section 2106. Imposition of Tax.--An inheritance tax for the

1 use of the Commonwealth is imposed upon every transfer subject
2 to tax under this article at the rates specified in section
3 2116. This section shall not apply to the estates of decedents
4 dying on or after January 1, 2010.

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

7 Section 2116. Inheritance Tax.--(a) (1) Inheritance tax
8 upon the transfer of property passing to or for the use of any
9 of the following shall be at the rate of four and one-half per
10 cent[:] for estates of decedents dying before January 1, 2005;
11 at the rate of three per cent for estates of decedents dying on
12 or after January 1, 2005, and before January 1, 2006; at the
13 rate of two per cent for estates of decedents dying on or after
14 January 1, 2006, and before January 1, 2007; at the rate of one
15 per cent for estates of decedents dying on or after January 1,
16 2007, and before January 1, 2008; at the rate of zero per cent
17 for the estates of decedents dying on or after January 1, 2008,
18 and before January 1, 2010:

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

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

22 (1.1) Inheritance tax upon the transfer of property passing
23 to or for the use of a husband or wife shall be:

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

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

28 (1.2) Inheritance tax upon the transfer of property from a
29 child twenty-one years of age or younger to or for the use of a
30 natural parent, an adoptive parent or a stepparent of the child

1 shall be at the rate of zero per cent.

2 (1.3) Inheritance tax upon the transfer of property passing
3 to or for the use of a sibling shall be at the rate of twelve
4 per cent[.] for estates of decedents dying before January 1,
5 2005; at the rate of ten per cent for estates of decedents dying
6 on or after January 1, 2005, and before January 1, 2006; at the
7 rate of eight per cent for estates of decedents dying on or
8 after January 1, 2006, and before January 1, 2007; at the rate
9 of six per cent for estates of decedents dying on or after
10 January 1, 2007, and before January 1, 2008; and at the rate of
11 four per cent for estates of decedents dying on or after January
12 1, 2008, and before January 1, 2009; at the rate of two per cent
13 for estates of decedents dying on or after January 1, 2009, and
14 before January 1, 2010.

15 (2) Inheritance tax upon the transfer of property passing to
16 or for the use of all persons other than those designated in
17 subclause (1), (1.1), (1.2) or (1.3) or exempt under section
18 2111(m) shall be at the rate of fifteen per cent[.] for estates
19 of decedents dying before January 1, 2006; at the rate of twelve
20 per cent for estates of decedents dying on or after January 1,
21 2006, and before January 1, 2007, at the rate of nine per cent
22 for estates of decedents dying on or after January 1, 2007, and
23 before January 1, 2008; at the rate of six per cent for estates
24 of decedents dying on or after January 1, 2008, and before
25 January 1, 2009; and at the rate of three per cent for estates
26 of decedents dying on or after January 1, 2009, and before
27 January 1, 2010.

28 (3) When property passes to or for the use of a husband and
29 wife with right of survivorship, one of whom is taxable at a
30 rate lower than the other, the lower rate of tax shall be

1 applied to the entire interest.

2 * * *

3 Section 3. Section 2136 of the act is amended by adding a
4 subsection to read:

5 Section 2136. Returns.--* * *

6 (g) This section shall not apply to the estates of decedents
7 dying on or after January 1, 2010, except as referenced by
8 section 2145.

9 Section 4. This act shall take effect immediately.