

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1828 Session of
2011

INTRODUCED BY JOSEPHS, BROWNLEE, COHEN, D. COSTA, DONATUCCI,
FRANKEL, FREEMAN, HARKINS, MCGEEHAN, M. O'BRIEN, WAGNER AND
YOUNGBLOOD, SEPTEMBER 13, 2011

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 13, 2011

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," in inheritance tax, further providing for
11 definitions and for rate of tax.

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

14 Section 1. Section 2102 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 definition to read:

17 Section 2102. Definitions.--The following words, terms and
18 phrases, when used in this article, shall have the meanings
19 ascribed to them in this section, except where the context
20 clearly indicates a different meaning:

21 * * *

22 "Domestic partnership." A relationship between two

1 individuals who:

2 (1) are at least 18 years of age;

3 (2) are not related to each other by blood or marriage
4 within four degrees of consanguinity;

5 (3) are not married or in a civil union or domestic
6 partnership with another individual; and

7 (4) agree to be in a relationship of mutual interdependence
8 in which each individual contributes to the maintenance and
9 support of the other individual and the relationship, even if
10 both individuals are not required to contribute equally to the
11 relationship.

12 * * *

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

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

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.

5 (1.4) Inheritance tax upon the transfer of property passing
6 to or for the use of an individual in a domestic partnership
7 shall be at the rate of zero per cent for estates of decedents
8 dying on or after January 1, 2012. The department may require an
9 individual who asserts a domestic partnership under this
10 subclause to provide:

11 (i) An affidavit signed under penalty of perjury by two
12 individuals stating that they have established a domestic
13 partnership.

14 (ii) Proof of any two of the following documents:

15 (A) Joint liability of the individuals for a mortgage, lease
16 or loan.

17 (B) The designation of one of the individuals as the primary
18 beneficiary under a life insurance policy on the life of the
19 other individual or under a retirement plan of the other
20 individual.

21 (C) The designation of one of the individuals as the primary
22 beneficiary of the will of the other individual.

23 (D) A durable power of attorney for health care or financial
24 management granted by one of the individuals to the other
25 individual.

26 (E) Joint ownership or lease by the individuals of a motor
27 vehicle.

28 (F) A joint checking account, joint investments or a joint
29 credit account.

30 (G) A joint renter's or homeowner's insurance policy.

1 (H) Coverage on a health insurance policy.

2 (I) Joint responsibility for child care, such as
3 guardianship or school documents.

4 (J) A relationship or cohabitation contract.

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

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

13 * * *

14 Section 3. This act shall take effect immediately.