

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1103 Session of 2013

INTRODUCED BY BENNINGHOFF, AUMENT, BARRAR, BROOKS, V. BROWN, CLYMER, COHEN, D. COSTA, CUTLER, DeLUCA, DUNBAR, EMRICK, EVANKOVICH, EVERETT, FABRIZIO, FLECK, GABLER, GROVE, HAHN, HARHART, C. HARRIS, HEFFLEY, KAUFFMAN, KORTZ, MACKENZIE, MATZIE, METCALFE, MILNE, MURT, READSHAW, SAYLOR, STEVENSON AND WATSON, APRIL 3, 2013

REFERRED TO COMMITTEE ON FINANCE, APRIL 3, 2013

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.

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

13 Section 1. Section 2116(a) of the act of March 4, 1971
14 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended May
15 24, 2000 (P.L.106, No.23), is amended to read:

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

20 (i) grandfather, grandmother, father, mother, except

transfers under subclause (1.2), and lineal descendants; or

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

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

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

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

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

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

(1.4) Inheritance tax upon the transfer of property passing between a decedent and one designated individual shall be zero per cent if the following conditions are met:

(i) the decedent was unmarried;

(ii) the decedent specified in writing the selection of this individual for the purpose of qualifying for this inheritance tax provision at least thirty days prior to the death of the decedent; and

(iii) the individual selected by the decedent is at least 18 years of age and is not a relative of the decedent. For the purpose of this subclause, "relative" means anyone who is eligible for an inheritance tax rate other than the default rate designated under subclause (2).

(2) Inheritance tax upon the transfer of property passing to or for the use of all persons other than those designated in

1 subclause (1), (1.1), (1.2) [or (1.3)], (1.3) or (1.4) or exempt
2 under section 2111(m) shall be at the rate of fifteen per cent.

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

7 * * *

8 Section 2. The amendment of section 2116(a) of the act
9 shall apply to:

10 (1) The estates of decedents dying after June 30, 2013.

11 (2) Inter vivos transfers made by decedents dying after
12 June 30, 2013.

13 Section 3. This act shall take effect immediately.