

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 635 Session of 2009

INTRODUCED BY SWANGER, BARRAR, BEYER, BOYD, CLYMER, CREIGHTON, CUTLER, DeLUCA, DENLINGER, ELLIS, FAIRCHILD, FLECK, GEIST, GINGRICH, GODSHALL, GOODMAN, GRELL, GROVE, HENNESSEY, HESS, HORNAMAN, KAUFFMAN, M. KELLER, KILLION, KORTZ, MAJOR, MARSICO, METCALFE, METZGAR, MILLARD, MURT, MUSTIO, OBERLANDER, O'NEILL, PETRARCA, PHILLIPS, PYLE, RAPP, READSHAW, REICHLEY, ROAE, ROCK, ROHRER, SCAVELLO, STERN, TURZAI, VEREB, VULAKOVICH, WATSON AND YOUNGBLOOD, FEBRUARY 27, 2009

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 27, 2009

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," phasing out inheritance and estate tax
11 provisions.

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

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

17 Section 2104. Expiration.--The provisions of this article
18 shall not apply to the estates of decedents dying on or after
19 January 1, 2012.

Section 2. Section 2106 of the act, added August 4, 1991 (P.L.97, No.22), is amended to read:

Section 2106. Imposition of Tax.--(a) An inheritance tax for the use of the Commonwealth is imposed upon every transfer subject to tax under this article at the rates specified in section 2116.

(b) This section shall not apply to the estates of decedents dying on or after January 1, 2013.

Section 3. Section 2116(a) of the act, amended May 24, 2000 (P.L.106, No.23), is amended to read:

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

(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.] a grandfather, grandmother, father, mother, except transfers under subclause (1.2), lineal descendants, wife or widow and husband or widower of a child shall be at the rate provided in the following schedule:

(i) Four and one-half per cent for the estate of a decedent dying before or during calendar year 2011.

(ii) Two per cent for the estate of a decedent dying during calendar year 2012.

(iii) Zero per cent for the estate of a decedent dying during or after calendar year 2013.

(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

1 dying on or after July 1, 1994, and before January 1, 1995.

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

4 (1.2) Inheritance tax upon the transfer of property from a
5 child twenty-one years of age or younger to or for the use of a
6 natural parent, an adoptive parent or a stepparent of the child
7 shall be at the rate of zero per cent.

8 (1.3) Inheritance tax upon the transfer of property passing
9 to or for the use of a sibling shall be at the rate [of twelve
10 per cent.] provided in the following schedule:

11 (i) Twelve per cent for the estate of a decedent dying
12 before or during calendar year 2008.

13 (ii) Nine per cent for the estate of a decedent dying during
14 calendar year 2009.

15 (iii) Six per cent for the estate of a decedent dying during
16 calendar year 2010.

17 (iv) Four and one-half per cent for the estate of a decedent
18 dying during calendar year 2011.

19 (v) Two per cent for the estate of a decedent dying during
20 calendar year 2012.

21 (vi) Zero per cent for the estate of a decedent dying during
22 or after calendar year 2013.

23 (1.4) Inheritance tax upon the transfer of property that is
24 jointly held between a child and a natural parent, an adoptive
25 parent or a stepparent of the child to the natural parent,
26 adoptive parent or the stepparent shall be at the rate of zero
27 per cent.

28 (2) Inheritance tax upon the transfer of property passing to
29 or for the use of all persons other than those designated in
30 subclause (1), (1.1), (1.2) or (1.3) or exempt under section

2111(m) shall be at the rate [of fifteen per cent.] provided in
the following schedule:

(i) Fifteen per cent for the estate of a decedent dying
before or during calendar year 2008.

(ii) Ten per cent for the estate of a decedent dying during
calendar year 2009.

(iii) Seven per cent for the estate of a decedent dying
during calendar year 2010.

(iv) Four and one-half per cent for the estate of a decedent
dying during calendar year 2011.

(v) Two per cent for the estate of a decedent dying during
calendar year 2012.

(vi) Zero per cent for the estate of a decedent dying during
or after calendar year 2013.

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

* * *

Section 4. Section 2117 of the act is amended by adding a
subsection to read:

Section 2117. Estate Tax.--* * *

(d) This section shall not apply to the estates of decedents
dying on or after January 1, 2013.

Section 5. This act shall take effect immediately.