

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1569 Session of
2013

INTRODUCED BY MCCARTER, D. COSTA, B. BOYLE, MUNDY, V. BROWN,
PASHINSKI, ROZZI, O'BRIEN, BARRAR, MCGEEHAN, COHEN, FRANKEL,
SCHLOSSBERG, THOMAS AND ROEBUCK, JUNE 24, 2013

REFERRED TO COMMITTEE ON FINANCE, JUNE 24, 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," in inheritance tax, adding definitions of
11 "domestic partner" and "spouse"; and further providing for
12 joint tenancy, for transfers not subject to tax, for
13 inheritance tax and for duties of depositories.

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

16 Section 1. Section 2102 of the act of March 4, 1971 (P.L.6,
17 No.2), known as the Tax Reform Code of 1971, is amended by
18 adding definitions to read:

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

23 * * *

1 "Domestic partner." An otherwise unrelated individual who
2 resides with another individual if evidence exists to establish
3 that at least three of the following apply:

4 (1) The individuals have entered into a domestic partnership
5 agreement which is recognized by a governmental entity.

6 (2) The individuals hold common ownership of real property
7 or have a common leasehold interest in real property.

8 (3) The individuals hold joint title to a motor vehicle.

9 (4) The individuals list a common address on their
10 respective driver's licenses.

11 (5) The individuals have joint bank or credit accounts.

12 (6) One of the individuals has designated the other as a
13 beneficiary:

14 (i) in a life insurance policy;

15 (ii) for retirement benefits; or

16 (iii) in a will.

17 (7) One of the individuals has designated the other power of
18 attorney or health care power of attorney and the other
19 individual accepted the designation.

20 * * *

21 "Spouse." A husband, wife or domestic partner.

22 * * *

23 Section 2. Sections 2108(b) and 2111(m) of the act, amended
24 June 30, 1995 (P.L.139, No.21), are amended to read:

25 Section 2108. Joint Tenancy.--* * *

26 (b) Except as provided in subsection (c), this section shall
27 not apply to property or interests in property passing by right
28 of survivorship to the survivor of [husband and wife] a spouse.

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

30 (m) Property owned by [husband and wife] a spouse with right

1 of survivorship is exempt from inheritance tax. If the ownership
2 was created within the meaning of section 2107(c)(3), the entire
3 interest transferred shall be subject to tax under section
4 2107(c)(3) as though a part of the estate of the spouse who
5 created the co-ownership.

6 * * *

7 Section 3. Section 2116(a) and (b.1) of the act, amended or
8 added June 16, 1994 (P.L.279, No.48) and May 24, 2000 (P.L.106,
9 No.23), are amended to read:

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

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

16 (ii) [wife or widow and husband or widower] spouse and widow
17 or widower of a child.

18 (1.1) Inheritance tax upon the transfer of property passing
19 to or for the use of a [husband or wife] spouse shall be:

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

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

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

28 (1.3) Inheritance tax upon the transfer of property passing
29 to or for the use of a sibling shall be at the rate of twelve
30 per cent.

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

(3) When property passes to or for the use of a [husband and wife] spouse 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.

* * *

(b.1) The inheritance tax due upon the transfer of property passing to or for the use of a [husband or wife] spouse shall be the lesser of the tax imposed under subsection (a)(1.1) or the tax due after the allowance of the credit provided for under section 2112.

Section 4. Section 2147 of the act, added August 4, 1991 (P.L.97, No.22), is amended to read:

Section 2147. Duties of Depositories.--When money is deposited or invested in a financial institution located in this Commonwealth in the names of two or more persons, other than [husband and wife] a spouse, or in the name of a person or persons in trust for another or others, and one of the parties to the deposit or investment dies, it shall be the duty of the financial institution, within ten days after knowledge of the death, to notify the department, giving the name of the deceased person, the date of the creation of the joint or trust deposit or investment, the amount invested or on deposit at the date of death with the financial institution and the name and address of the survivor or survivors to the account. No notification shall be required in regard to the account when the deposit at the time of death does not exceed three hundred dollars (\$300).

1 Section 5. This act shall apply to the estates of decedents
2 who die after June 30, 2013.

3 Section 6. This act shall take effect immediately.