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House of Representatives
Commonwealth of Pennsylvania
Harrisburg

COMMITTEES:
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Human Services Chairman,
Subcommittee on Mental Health
Intellectual Disabilities Caucus Chairman
Labor and Industry
Veterans Affairs and Emergency Preparedness

COUNCIL:
Delaware Valley Veterans Home

MEMORANDUM

Subject: Draft Legislation
0% Inheritance Tax for Disabled Child Beneficiaries

To: All House Members

From: Representative Thomas Murt *T.P.M.*

In the near future, I will be introducing legislation to allow disabled children to inherit their parent's property at a tax rate of 0%. Currently, the transfer of property of a deceased spouse or a deceased minor child is taxed at a 0% rate.

The definition of disabled child is determined only by governmental agencies. It is NOT a self-nominated status.

Thankfully, this country no longer routinely warehouses disabled children in state institutions. The most compassionate and cost-effective place to raise, care for and educate a disabled child is in their parental home with appropriate supports.

But for families with a disabled member, many estates have only one major asset to use to pay inheritance taxes – the real estate in which the child is living. When this is sold, in order to the 4.5% inheritance tax, the child becomes homeless.

At the point of homelessness, the child must turn to the social safety net for care, housing and support. This is the most expensive, long term choice for the care of a disabled child.

Additionally, Pennsylvania is one of only three states that tax children who inherit from their parents.

The Department of Revenue does not believe that the proposed legislation violates the Pennsylvania Constitution's uniformity Clause. Article VIII, Section 2(b) (ii) of the Pennsylvania Constitution allows the General Assembly to establish disabled individuals as class of persons "determined to be in need of tax exemption."

If Pennsylvania ceases imposing inheritance tax on estates that are inherited by disabled children, then the real estate can remain intact to serve as the home base for the disabled individual – as long as it is needed, and at a much lower cost to the Commonwealth's social safety net. This is a win-win situation for the disabled individuals and the taxpayers of the Commonwealth.

If you would like to cosponsor this legislation, kindly e-mail Amy Bossart at Abossart@pahousegop.com.

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Attachment