

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 836 Session of 2007

INTRODUCED BY DENLINGER, WATSON, BAKER, BARRAR, BASTIAN, BENNINGHOFF, BOYD, BUXTON, CALTAGIRONE, CAPPELLI, CLYMER, COX, CREIGHTON, CUTLER, ELLIS, EVERETT, FAIRCHILD, GEIST, GILLESPIE, GINGRICH, GOODMAN, HARPER, HARRIS, HERSHEY, HESS, HICKERNELL, HORNAMAN, HUTCHINSON, KAUFFMAN, M. KELLER, KILLION, KOTIK, MACKERETH, MAHER, MAJOR, MARKOSEK, MARSHALL, MARSICO, McILHATTAN, MENSCH, METCALFE, MILLARD, R. MILLER, MOYER, MUSTIO, NAILOR, O'NEILL, PERRY, PETRARCA, PETRI, PICKETT, PYLE, RAPP, RAYMOND, READSHAW, REICHLEY, ROAE, ROHRER, ROSS, RUBLEY, SAINATO, SAYLOR, SCAVELLO, SOLOBAY, SONNEY, STERN, R. STEVENSON, TANGRETTI, J. TAYLOR, TURZAI, WANSACZ AND WOJNAROSKI, MARCH 19, 2007

REFERRED TO COMMITTEE ON FINANCE, MARCH 19, 2007

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

1 shall not apply to the estates of decedents dying on or after
2 January 1, 2010.

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

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

9 (b) This section shall not apply to the estates of decedents
10 dying on or after January 1, 2011.

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

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

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

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

24 (i) Four and one-half per cent for the estate of a decedent
25 dying before or during calendar year 2009.

26 (ii) Two per cent for the estate of a decedent dying during
27 calendar year 2010.

28 (iii) Zero per cent for the estate of a decedent dying
29 during or after calendar year 2011.

30 (1.1) Inheritance tax upon the transfer of property passing

1 to or for the use of a husband or wife shall be:

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

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

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

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

13 (i) Twelve per cent for the estate of a decedent dying
14 before or during calendar year 2006.

15 (ii) Nine per cent for the estate of a decedent dying during
16 calendar year 2007.

17 (iii) Six per cent for the estate of a decedent dying during
18 calendar year 2008.

19 (iv) Four and one-half per cent for the estate of a decedent
20 dying during calendar year 2009.

21 (v) Two per cent for the estate of a decedent dying during
22 calendar year 2010.

23 (vi) Zero per cent for the estate of a decedent dying during
24 or after calendar year 2011.

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

30 (2) Inheritance tax upon the transfer of property passing to

1 or for the use of all persons other than those designated in
2 subclause (1), (1.1), (1.2) or (1.3) or exempt under section
3 2111(m) shall be at the rate [of fifteen per cent.] provided in
4 the following schedule:

5 (i) Fifteen per cent for the estate of a decedent dying
6 before or during calendar year 2006.

7 (ii) Ten per cent for the estate of a decedent dying during
8 calendar year 2007.

9 (iii) Seven per cent for the estate of a decedent dying
10 during calendar year 2008.

11 (iv) Four and one-half per cent for the estate of a decedent
12 dying during calendar year 2009.

13 (v) Two per cent for the estate of a decedent dying during
14 calendar year 2010.

15 (vi) Zero per cent for the estate of a decedent dying during
16 or after calendar year 2011.

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

21 * * *

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

24 Section 2117. Estate Tax.--* * *

25 (d) This section shall not apply to the estates of decedents
26 dying on or after January 1, 2011.

27 Section 5. This act shall take effect immediately.