

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 358 Session of 2011

INTRODUCED BY SWANGER, AUMENT, BARRAR, BEAR, BOYD, D. COSTA, DeLUCA, DENLINGER, ELLIS, FLECK, GABLER, GEIST, GILLEN, GINGRICH, GODSHALL, GOODMAN, GRELL, GROVE, HAHN, HARRIS, HESS, HICKERNELL, HORNAMAN, HUTCHINSON, KAUFFMAN, M.K. KELLER, KILLION, KNOWLES, MAJOR, MARSHALL, MARSICO, METCALFE, MICOZZIE, MILLARD, MOUL, MURT, MUSTIO, O'NEILL, PEIFER, PETRARCA, RAPP, READSHAW, REICHLEY, SCAVELLO, K. SMITH, STERN, STEVENSON, TALLMAN, VULAKOVICH, WATSON AND YOUNGBLOOD, FEBRUARY 1, 2011

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 1, 2011

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, 2014.

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

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

7 (b) This section shall not apply to the estates of decedents
8 dying on or after January 1, 2015.

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

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

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

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

22 (i) Four and one-half per cent for the estate of a decedent
23 dying before or during calendar year 2013.

24 (ii) Two per cent for the estate of a decedent dying during
25 calendar year 2014.

26 (iii) Zero per cent for the estate of a decedent dying
27 during or after calendar year 2015.

28 (1.1) Inheritance tax upon the transfer of property passing
29 to or for the use of a husband or wife shall be:

30 (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 2010.

13 (ii) Nine per cent for the estate of a decedent dying during
14 calendar year 2011.

15 (iii) Six per cent for the estate of a decedent dying during
16 calendar year 2012.

17 (iv) Four and one-half per cent for the estate of a decedent
18 dying during calendar year 2013.

19 (v) Two per cent for the estate of a decedent dying during
20 calendar year 2014.

21 (vi) Zero per cent for the estate of a decedent dying during
22 or after calendar year 2015.

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

1 2111(m) shall be at the rate [of fifteen per cent.] provided in
2 the following schedule:

3 (i) Fifteen per cent for the estate of a decedent dying
4 before or during calendar year 2010.

5 (ii) Ten per cent for the estate of a decedent dying during
6 calendar year 2011.

7 (iii) Seven per cent for the estate of a decedent dying
8 during calendar year 2012.

9 (iv) Four and one-half per cent for the estate of a decedent
10 dying during calendar year 2013.

11 (v) Two per cent for the estate of a decedent dying during
12 calendar year 2014.

13 (vi) Zero per cent for the estate of a decedent dying during
14 or after calendar year 2015.

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

19 * * *

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

22 Section 2117. Estate Tax.--* * *

23 (d) This section shall not apply to the estates of decedents
24 dying on or after January 1, 2015.

25 Section 5. This act shall take effect immediately.