

54:34-2

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:34-2 (Exemption from inheritance tax increased)

Laws of 1977 Chapter 219

Bill No. A2314

Sponsor(s) Bassano, McGuire & DiFrancesco

Date Introduced Nov. 9, 1976

Committee: Assembly Taxation

Senate Revenue, Finance & Appropriations

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks

Date of passage: Assembly May 16, 1977

Senate June 27, 1977

Date of approval Sept. 13, 1977

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note Yes ~~No~~

Veto message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports Yes ~~No~~

Hearings Yes ~~No~~

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219
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ASSEMBLY, No. 2314

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 9, 1976

By Assemblymen BASSANO, MAGUIRE and DiFRANCESCO

Referred to Committee on Taxation

AN ACT concerning transfer inheritance taxes and amending
R. S. 54:34-2.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. R. S. 54:34-2 is amended to read as follows:

2 54:34-2. a. The transfer of property to a father, mother, grand-
3 parent, husband, wife, child or children of a decedent, or to any
4 child or children adopted by the decedent in conformity with the
5 laws of this State, or of any of the United States or of a foreign
6 country, or the issue of any child or legally adopted child of a
7 decedent, shall be taxed at the following rates:

8	[On any amount in excess of \$5,000.00, up to	
9	\$15,000.00	1%]
10	On any amount in excess of \$15,000.00, up to	
11	\$50,000.00	[2%] * [1%] * * 2%*
12	On any amount in excess of \$50,000.00, up to	
13	\$100,000.00	[3%] * [2%] * * 3%*
14	On any amount in excess of \$100,000.00, up to	
15	\$150,000.00	[4%] * [3%] * * 4%*
16	On any amount in excess of \$150,000.00, up to	
17	\$200,000.00	[5%] * [4%] * * 5%*
18	On any amount in excess of \$200,000.00, up to	
19	\$300,000.00	[6%] * [5%] * * 6%*
20	On any amount in excess of \$300,000.00, up to	
21	\$500,000.00	[7%] * [6%] * * 7%*
22	On any amount in excess of \$500,000.00, up to	
23	\$700,000.00	[8%] * [7%] * * 8%*
24	On any amount in excess of \$700,000.00, up to	
25	\$900,000.00	[9%] * [8%] * * 9%*

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

26	On any amount in excess of \$900,000.00, up to	
27	\$1,100,000.00	[10%] * [9%] * *10%*
28	On any amount in excess of \$1,100,000.00, up	
29	to \$1,400,000.00	[11%] * [10%] * *11%*
30	On any amount in excess of \$1,400,000.00, up	
31	to \$1,700,000.00	[12%] * [11%] * *12%*
32	On any amount in excess of \$1,700,000.00, up	
33	to \$2,200,000.00	[13%] * [12%] * *13%*
34	On any amount in excess of \$2,200,000.00, up	
35	to \$2,700,000.00	[14%] * [13%] * *14%*
36	On any amount in excess of \$2,700,000.00, up	
37	to \$3,200,000.00	[15%] * [14%] * *15%*
38	On any amount in excess of	
38A	\$3,200,000.00	[16%] * [15%] * *16%*

39 b. (Deleted by amendment.)

40 c. The transfer of property to a brother or sister of a decedent,
 41 wife or widow of a son of a decedent, or husband or widower of a
 42 daughter of a decedent shall be taxed at the following rates :

43	On any amount up to \$1,100,000.00	11%
44	On any amount in excess of \$1,100,000.00, up to	
45	\$1,400,000.00	13%
46	On any amount in excess of \$1,400,000.00, up	
47	\$1,700,000.00	14%
48	On any amount in excess of \$1,700,000.00	16%

49 d. The transfer of property to every other transferee, distributee
 50 or beneficiary not hereinbefore classified shall be taxed at the
 51 following rates :

52	On any amount up to \$700,000.00	15%
53	On any amount in excess of \$700,000.00	16%

54 For every purpose of this subtitle all persons, including the
 55 decedent, shall be deemed to have been born in lawful wedlock and
 56 this provision shall apply to the estate of every decedent whether
 57 said decedent died before March 25, 1935, or shall die thereafter,
 58 but it shall not entitle any person to a refund of any tax paid before
 59 the aforementioned date.

1 **2. R. S. 54:36-2 is amended to read as follows: 54:36-2 Valua-
 2 tion of estates for life or years. In determining the value of a life
 3 estate, annuity, or estate for a term of years, **[the American**
 4 **experience table of mortality, with interest at the rate of 5% per**
 5 **annum]** *the United States Life Tables, after December 31, 1970,*
 6 *Single Life Male 6% and Single Life Female 6%, published by the*

7 *United States Department of Health, Education and Welfare,*
8 *Public Health Service, with interest at the rate of 6% per annum,*
9 *shall be used and shall be effective with respect to estates of dece-*
10 *dents dying on or after January 1, 1978.***

1 **[2.]** **3.** This act shall take effect July 1 next succeeding
2 enactment.

A2314 (1977)

STATEMENT

Under current law, the first \$5,000.00 of an inheritance left to a spouse, child, parent, grandparent or grandchild is not subject to transfer inheritance tax. This bill would increase the exemption to the first \$15,000.00.

To fit this change into the sliding scale of taxation, each successive tax bracket in this category has been decreased by 1%. As a consequence, the maximum tax due, on amounts in excess of \$3,200,000.00, would be 15%.

end

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SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2314

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JUNE 16, 1977

This bill proposes an amendment to the transfer inheritance tax with regard to tax rates and the basis for calculating the value of an estate for life or years.

The inheritance tax rates are amended so as to delete the current 1% tax rate on inheritances in excess of \$5,000.00 and not more than \$15,000.00. Thus there would be no tax liability on amounts of \$15,000.00 or less. The graduated rates currently in the law on amounts in excess of \$15,000.00 are retained.

In the valuation of an estate for life or years, the current basis is the American experience table of mortality, with interest at 5% per annum. This bill prescribes a new basis, the United States Life Tables, after December 31, 1970, Single Life Male 6% and Single Life Female 6%, published by the United States Department of Health, Education and Welfare, Public Health Service, with interest at 6% per annum, to be used with respect to estates of decedents dying on or after January 1, 1978. This change in valuation basis has the effect of increasing the total tax on the entire estate, with the direct tax due increased and the tax on the remainder, if the compromise tax is paid, reduced. This is because of interest rate and life expectancy factor in the United States Life Tables versus the American experience tables.

FISCAL IMPACT:

The effect of the exclusion of a 1% tax rate on amounts in excess of \$5,000.00 and not more than \$15,000.00 would be to reduce State revenue by an estimated \$2 to \$3 million according to the Division of Taxation.

The change in the basis for valuation of an estate for life or years will increase State revenue. An estimate of increased revenues is not available.

REFERENCE USE ONLY

FISCAL NOTE TO
ASSEMBLY, No. 2314

STATE OF NEW JERSEY

DATED: SEPTEMBER 12, 1977

The Second Official Copy Reprint of Assembly Bill No. 2314 exempts the first \$15,000.00 of inheritance left to a parent, grandparent, spouse or child from the transfer inheritance tax.

The Division of Taxation estimates that the loss of revenue if this legislation were enacted would be approximately \$2 million per year and that the gain resulting from the adoption of more realistic life tables will result in an annual taxing increase of \$1.5 million. The result would be an estimated annual net loss of \$500,000.00.

The fiscal note is based on an estimate of costs rather than actual cost information.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.