

SENATE, No. 78

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator CHRISTOPHER "KIP" BATEMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Exempts all transfers made to lineal relatives from the Transfer Inheritance Tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** exempting all transfers made to lineal relatives from the
2 Transfer Inheritance Tax, amending R.S.54:34-2 and
3 supplementing Title 54 of the Revised Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. R.S.54:34-2 is amended to read as follows:
9 54:34-2. a. (1) The transfer of property to a husband or wife, or
10 a domestic partner as defined in section 3 of P.L.2003, c.246
11 (C.26:8A-3), of a decedent shall be taxed at the following rates:

12
13 For transfers made through December 31, 1984:

14
15 On any amount in excess of \$15,000.00, up to \$50,000.00 2%
16
17 On any amount in excess of \$50,000.00, up to \$100,000.00 3%
18
19 On any amount in excess of \$100,000.00, up to \$150,000.00 4%
20
21 On any amount in excess of \$150,000.00, up to \$200,000.00 5%
22
23 On any amount in excess of \$200,000.00, up to \$300,000.00 6%
24
25 On any amount in excess of \$300,000.00, up to \$500,000.00 7%
26
27 On any amount in excess of \$500,000.00, up to \$700,000.00 8%
28
29 On any amount in excess of \$700,000.00, up to \$900,000.00 9%
30
31 On any amount in excess of \$900,000.00, up to \$1,100,000.00 ...
32 10%
33
34 On any amount in excess of \$1,100,000.00, up to \$1,400,000.00 ..
35 11%
36
37 On any amount in excess of \$1,400,000.00, up to \$1,700,000.00 ..
38 12%
39
40 On any amount in excess of \$1,700,000.00, up to \$2,200,000.00 ..
41 13%
42
43 On any amount in excess of \$2,200,000.00, up to \$2,700,000.00 ...
44 14%

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

 Matter underlined thus is new matter.

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1 On any amount in excess of \$2,700,000.00, up to \$3,200,000.00 ..
2 15%
3
4 On any amount in excess of \$3,200,000.00 16%
5
6 For transfers made on or after January 1, 1985 there shall be no
7 tax imposed under this paragraph.
8
9 (2) The transfer of property to a father, mother, grandparent,
10 child or children of a decedent, or to any child or children adopted
11 by the decedent in conformity with the laws of this State, or of any
12 of the United States or of a foreign country, or the issue of any child
13 or legally adopted child of a decedent, shall be taxed at the
14 following rates:
15
16 For transfers through June 30, 1985:
17
18 On any amount in excess of \$15,000.00, up to \$50,000.00 2%
19
20 On any amount in excess of \$50,000.00, up to \$100,000.00 3%
21
22 On any amount in excess of \$100,000.00, up to \$150,000.00 4%
23
24 On any amount in excess of \$150,000.00, up to \$200,000.00 5%
25
26 On any amount in excess of \$200,000.00, up to \$300,000.00 6%
27
28 On any amount in excess of \$300,000.00, up to \$500,000.00 7%
29
30 On any amount in excess of \$500,000.00, up to \$700,000.00 8%
31
32 On any amount in excess of \$700,000.00, up to \$900,000.00 9%
33
34 On any amount in excess of \$900,000.00, up to \$1,100,000.00 ...
35 10%
36
37 On any amount in excess of \$1,100,000.00, up to \$1,400,000.00 .
38 11%
39
40 On any amount in excess of \$1,400,000.00, up to \$1,700,000.00 .
41 12%
42
43 On any amount in excess of \$1,700,000.00, up to \$2,200,000.00 ..
44 13%
45
46 On any amount in excess of \$2,200,000.00, up to \$2,700,000.00 ..
47 14%

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1	On any amount in excess of \$2,700,000.00, up to \$3,200,000.00 ..
2	15%
3	
4	On any amount in excess of \$3,200,000.0016%
5	
6	For transfers made from July 1, 1985 through June 30, 1986:
7	
8	On any amount in excess of \$50,000.00, up to \$100,000.003%
9	
10	On any amount in excess of \$100,000.00, up to \$150,000.00 4%
11	
12	On any amount in excess of \$150,000.00, up to \$200,000.00 5%
13	
14	On any amount in excess of \$200,000.00, up to \$300,000.00 6%
15	
16	On any amount in excess of \$300,000.00, up to \$500,000.00 7%
17	
18	On any amount in excess of \$500,000.00, up to \$700,000.00 8%
19	
20	On any amount in excess of \$700,000.00, up to \$900,000.00 9%
21	
22	On any amount in excess of \$900,000.00, up to \$1,100,000.00
23	10%
24	
25	On any amount in excess of \$1,100,000.00, up to \$1,400,000.00 ..
26	11%
27	
28	On any amount in excess of \$1,400,000.00, up to \$1,700,000.00 ..
29	12%
30	
31	On any amount in excess of \$1,700,000.00, up to \$2,200,000.00 ..
32	13%
33	
34	On any amount in excess of \$2,200,000.00, up to \$2,700,000.00 ..
35	14%
36	
37	On any amount in excess of \$2,700,000.00, up to \$3,200,000.00 ..
38	15%
39	
40	On any amount in excess of \$3,200,000.00 16%
41	
42	For transfers made from July 1, 1986 through June 30, 1987:
43	
44	On any amount in excess of \$150,000.00, up to \$200,000.00 5%
45	
46	On any amount in excess of \$200,000.00, up to \$300,000.00 6%
47	
48	On any amount in excess of \$300,000.00, up to \$500,000.00 7%

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5

1	On any amount in excess of \$500,000.00, up to \$700,000.00	8%
2		
3	On any amount in excess of \$700,000.00, up to \$900,000.00	9%
4		
5	On any amount in excess of \$900,000.00, up to \$1,100,000.00 ...	
6	10%	
7		
8	On any amount in excess of \$1,100,000.00, up to \$1,400,000.00 .	
9	11%	
10		
11	On any amount in excess of \$1,400,000.00, up to \$1,700,000.00 ..	
12	12%	
13		
14	On any amount in excess of \$1,700,000.00, up to \$2,200,000.00 ..	
15	13%	
16		
17	On any amount in excess of \$2,200,000.00, up to \$2,700,000.00 ..	
18	14%	
19		
20	On any amount in excess of \$2,700,000.00, up to \$3,200,000.00 ..	
21	15%	
22		
23	On any amount in excess of \$3,200,000.00	16%
24		
25	For transfers made from July 1, 1987 through June 30, 1988:	
26		
27	On any amount in excess of \$250,000.00, up to \$300,000.00.....	6%
28		
29	On any amount in excess of \$300,000.00, up to \$500,000.00	7%
30		
31	On any amount in excess of \$500,000.00, up to \$700,000.00	8%
32		
33	On any amount in excess of \$700,000.00, up to \$900,000.00	9%
34		
35	On any amount in excess of \$900,000.00, up to \$1,100,000.00 ...	
36	10%	
37		
38	On any amount in excess of \$1,100,000.00, up to \$1,400,000.00 .	
39	11%	
40		
41	On any amount in excess of \$1,400,000.00, up to \$1,700,000.00 .	
42	12%	
43		
44	On any amount in excess of \$1,700,000.00, up to \$2,200,000.00 ..	
45	13%	
46		
47	On any amount in excess of \$2,200,000.00, up to \$2,700,000.00 ..	
48	14%	

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6

1 On any amount in excess of \$2,700,000.00, up to \$3,200,000.00 ..
2 15%

3 On any amount in excess of \$3,200,000.00 16%

4

5 For transfers made on or after July 1, 1988 there shall be no tax
6 imposed under this subsection.

7

8 (3) For transfers of property made on or after January 1, 2018 to
9 a transferee with a lineal consanguineous relationship with a
10 decedent, by blood or law, there shall be no tax imposed under this
11 subsection.

12 b. (Deleted by amendment.)

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

16

17 (1) For transfers through June 30, 1988:

18

19 On any amount up to \$1,100,000.00 11%

20

21 On any amount in excess of \$1,100,000.00, up to \$1,400,000.00 ..
22 13%

23

24 On any amount in excess of \$1,400,000.00, up to \$1,700,000.00 ..
25 14%

26

27 On any amount in excess of \$1,700,000.0016%

28

29 (2) For transfers made on or after July 1, 1988:

30

31 On any amount in excess of \$25,000.00, up to \$1,100,000.00
32 11%

33

34 On any amount in excess of \$1,100,000.00, up to \$1,400,000.00 ..
35 13%

36

37 On any amount in excess of \$1,400,000.00, up to \$1,700,000.00 ..
38 14%

39

40 On any amount in excess of \$1,700,000.00 16%

41

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

45

46 On any amount up to \$700,000.00 15%

47

48 On any amount in excess of \$700,000.00 16%

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

7 (cf: P.L.2003, c.246, s.37)

8
9 2. (New section) a. Notwithstanding the provision of any law
10 or regulation to the contrary, the payment of tax imposed pursuant
11 to R.S.54:34-2 for a transfer made on or after January 1, 2018, but
12 before the date of enactment of this section, which is exempt from
13 tax pursuant to paragraph (3) of subsection a. of R.S.54:34-2, as
14 amended by section 1 of P.L. , c. (C.) (pending before the
15 Legislature as this bill), shall be deemed to be an erroneous
16 payment for purposes of applying for a refund pursuant to
17 R.S.54:35-10 and the application for refund may be made within 3
18 years from the date of enactment of this section. If an application
19 for refund is based exclusively upon the enactment of P.L. ,
20 c. (pending before the Legislature as this bill), interest shall not
21 be awarded.

22 b. Notwithstanding the provision of any law or regulation to
23 the contrary, section 1 of P.L. , c. (C.) (pending before the
24 Legislature as this bill) shall not be construed to restrict the
25 enforceability of Chapter 26 of Title 18 of the New Jersey
26 Administrative Code, except that each reference in Chapter 26 of
27 Title 18 of the New Jersey Administrative Code to a "Class A
28 transferee" shall be read as including the transferees referenced in
29 paragraph (3) of subsection a. of R.S.54:34-2, as amended by
30 section 1 of P.L. , c. (C.) (pending before the Legislature as
31 this bill). The application of this subsection shall expire upon the
32 application of a provision of law limiting the class of transferees
33 established in paragraph (3) of subsection a. of R.S.54:34-2, as
34 amended by section 1 of P.L. , c. (C.) (pending before the
35 Legislature as this bill).

36
37 3. This act shall take effect immediately.
38
39

40 STATEMENT

41
42 This bill exempts all transfers made to lineal relatives from the
43 Transfer Inheritance Tax. The purpose of the bill is to expand the
44 category of familial transferees covered as exempt Class A
45 Transferees to include lineal relatives that descend or ascend from
46 the decedent by blood or law beyond the first two generations of
47 offspring.

1 Under current law, the Transfer Inheritance Tax explicitly
2 exempts spouses, domestic partners, fathers, mothers, children,
3 grandchildren, and grandparents as Class A Transferees. However,
4 the statute does not explicitly extend exempt Class A Transferee
5 status to such lineal relatives as great grandparents or great
6 grandchildren. This bill extends exempt Class A Transferee status
7 to all lineal relatives that descend or ascend from the decedent by
8 blood or law.

9 The bill's extension of the Class A Transferee exemption to all
10 lineal relatives applies to transfers made on or after January 1,
11 2018. The bill allows refund claims for Transfer Inheritance Tax
12 payments for transfers made on or after January 1, 2018, but before
13 the date of enactment, which become overpayments due to the
14 enactment of the bill. The bill also contains an administrative
15 provision to maintain the applicability of related regulatory
16 provisions that may otherwise become obsolete on account of the
17 bill's enactment.