

1           AN ACT relating to inheritance tax.

2    *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3           ➔Section 1. KRS 140.070 is amended to read as follows:

4    The tax upon transfers of property as defined in the preceding sections of this chapter  
5    shall be at the following rates:

6    (1) Class A. In case the transfer is to or for the benefit of a parent, surviving spouse,  
7       child by blood, stepchild, child adopted during infancy, child adopted during  
8       adulthood who was reared by the decedent during infancy or a grandchild who is  
9       the issue of a child by blood, the issue of a stepchild, the issue of a child adopted  
10      during adulthood who was reared by the decedent during infancy, the issue of a  
11      child adopted during infancy, foster child, brother, sister, or brother or sister of the  
12      half blood, the tax shall be[.] subject to the provisions of KRS 140.080.[.] shall be:

13      On its value not exceeding \$20,000 ..... 2%  
14      On its value exceeding \$20,000, but not exceeding \$30,000 ..... 3%  
15      On its value exceeding \$30,000, but not exceeding \$45,000 ..... 4%  
16      On its value exceeding \$45,000, but not exceeding \$60,000 ..... 5%  
17      On its value exceeding \$60,000, but not exceeding \$100,000 ..... 6%  
18      On its value exceeding \$100,000, but not exceeding \$200,000 ..... 7%  
19      On its value exceeding \$200,000, but not exceeding \$500,000 ..... 8%  
20      On its value exceeding \$500,000 ..... 10%]

21    (2) Class B. In case the transfer is to or for the benefit of a nephew, niece, or a nephew  
22       or niece of the half blood, daughter-in-law, son-in-law, aunt or uncle, or a great-  
23       grandchild who is the grandchild of a child by blood, of a stepchild or of a child  
24       adopted during infancy, the tax, subject to the provisions of KRS 140.080, shall be:

25       On its value not exceeding \$10,000 ..... 4%  
26       On its value exceeding \$10,000, but not exceeding \$20,000 ..... 5%  
27       On its value exceeding \$20,000, but not exceeding \$30,000 ..... 6%

1                   On its value exceeding \$30,000, but not exceeding \$45,000 ..... 8%  
2                   On its value exceeding \$45,000, but not exceeding \$60,000 ..... 10%  
3                   On its value exceeding \$60,000, but not exceeding \$100,000 ..... 12%  
4                   On its value exceeding \$100,000, but not exceeding \$200,000 ..... 14%  
5                   On its value exceeding \$200,000 ..... 16%

6       (3) Class C. In case the transfer is to or for the benefit of any educational, religious, or  
7                   other institutions, societies, or associations, or to any cities, towns, or public  
8                   institutions not exempted by KRS 140.060, or to any person not included in either  
9                   Class A or Class B, the tax, subject to the provisions of KRS 140.080, shall be:

10                   On its value not exceeding \$10,000 ..... 6%  
11                   On its value exceeding \$10,000, but not exceeding \$20,000 ..... 8%  
12                   On its value exceeding \$20,000, but not exceeding \$30,000 ..... 10%  
13                   On its value exceeding \$30,000, but not exceeding \$45,000 ..... 12%  
14                   On its value exceeding \$45,000, but not exceeding \$60,000 ..... 14%  
15                   On its value exceeding \$60,000 ..... 16%

16                   ➔Section 2. KRS 140.080 is amended to read as follows:

17       (1) The following exemptions chargeable against the lowest bracket or brackets of  
18                   inheritable interests shall be free from any tax under the preceding provisions of  
19                   this chapter:

20                   (a) Surviving spouse, total inheritable interest. Effective as to decedents dying  
21                   after August 1, 1985, notwithstanding anything in this chapter to the contrary,  
22                   if the decedent's personal representative (or trustee or transferee, absent a  
23                   personal representative) shall so elect, the spouse's inheritable interest shall  
24                   include the entire value of any trust or life estate which is in a form that  
25                   qualifies for the federal estate tax marital deductions under section 2056(b)(5)  
26                   or 2056(b)(7) of the Internal Revenue Code of 1954, as amended through  
27                   December 31, 1984, regardless of whether or not the federal estate tax marital

1                    deduction is elected by the decedent's personal representative. To be valid, the  
2                    election referred to in the sentence immediately preceding must be made in  
3                    the form prescribed by the Department of Revenue and must be filed on or  
4                    before the due date of the tax return (plus extensions) or with the first tax  
5                    return filed, whichever last occurs;

6                    (b) ~~Class A beneficiaries as defined in KRS 140.070, other than the surviving~~  
7                    ~~spouse, of estates of decedents dying prior to July 1, 1995, as follows:~~

- 8                    1. ~~Infant child by blood or adoption, \$20,000;~~
- 9                    2. ~~Child by blood who has been declared mentally disabled by a court of~~  
10                    ~~competent jurisdiction, \$20,000;~~
- 11                    3. ~~Child adopted during infancy who has been declared mentally disabled~~  
12                    ~~by a court of competent jurisdiction, \$20,000; or a~~
- 13                    4. ~~Child adopted during adulthood who was reared by the decedent during~~  
14                    ~~infancy and who has been declared mentally disabled by a court of~~  
15                    ~~competent jurisdiction, \$20,000;~~
- 16                    5. ~~Parent, \$5,000;~~
- 17                    6. ~~Child by blood, \$5,000;~~
- 18                    7. ~~Stepchild, \$5,000;~~
- 19                    8. ~~Child adopted during infancy, \$5,000;~~
- 20                    9. ~~Child adopted during adulthood who was reared by the decedent during~~  
21                    ~~infancy, \$5,000; or a~~
- 22                    10. ~~Grandchild who is the issue of a child by blood, the issue of a stepchild,~~  
23                    ~~the issue of a child adopted during infancy or the issue of a child~~  
24                    ~~adopted during adulthood who was reared by the decedent during~~  
25                    ~~infancy, \$5,000;~~

26                    (e) ~~} Class A beneficiaries, as defined in KRS 140.070, other than the~~  
27                    ~~surviving spouse, of estates of decedents dying on or after July 1, 1995,~~

1                   shall be as follows:

2       1. For decedents dying between July 1, 1995, and June 30, 1996, the  
3                   greater of the exemption established pursuant to paragraph (1)(b) of this  
4                   section or one fourth (1/4) of each beneficiary's inheritable interest;

5       2. For decedents dying between July 1, 1996, and June 30, 1997, the  
6                   greater of the exemption established pursuant to paragraph (1)(b) of this  
7                   section or one half (1/2) of each beneficiary's inheritable interest;

8       3. For decedents dying between July 1, 1997, and June 30, 1998, the  
9                   greater of the exemption established pursuant to paragraph (1)(b) of this  
10                   section or three fourths (3/4) of each beneficiary's inheritable interest;  
11                   and

12       4. For each decedent dying after June 30, 1998, each beneficiary's total  
13                   inheritable interest;

14                   (c)[(d)] All persons of Class B, under KRS 140.070, \$1,000; and  
15                   (d)[(e)] All persons of Class C, under KRS 140.070, \$500.

16       (2) If the decedent was not a resident of this state, the exemption shall be the same  
17                   proportion of the allowable exemption in the case of residents that the property  
18                   taxable by this state bears to the whole property transferred by the decedent.

19                   ➔Section 3. This Act shall apply to estates of decedents who die on or after  
20                   August 1, 2026.