

1 AN ACT relating to inheritance tax exemptions.

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

3 ➔Section 1. KRS 140.080 is amended to read as follows:

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

7 (a) Surviving spouse, total inheritable interest. Effective as to decedents dying
8 after August 1, 1985, notwithstanding anything in this chapter to the contrary,
9 if the decedent's personal representative (or trustee or transferee, absent a
10 personal representative) shall so elect, the spouse's inheritable interest shall
11 include the entire value of any trust or life estate which is in a form that
12 qualifies for the federal estate tax marital deductions under 26 U.S.C. sec.
13 2056(b)(5) or (7)~~[section 2056(b)(5) or 2056(b)(7) of the Internal Revenue~~
14 ~~Code of 1954]~~, as amended through December 31, 1984, regardless of
15 whether or not the federal estate tax marital deduction is elected by the
16 decedent's personal representative. To be valid, the election referred to in the
17 sentence immediately preceding must be made in the form prescribed by the
18 Department of Revenue and must be filed on or before the due date of the tax
19 return (plus extensions) or with the first tax return filed, whichever last
20 occurs;

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

23 1. ~~Infant child by blood or adoption, \$20,000;~~

24 2. ~~Child by blood who has been declared mentally disabled by a court of~~
25 ~~competent jurisdiction, \$20,000;~~

26 3. ~~Child adopted during infancy who has been declared mentally disabled~~
27 ~~by a court of competent jurisdiction, \$20,000; or a~~

- 1 4. ~~Child adopted during adulthood who was reared by the decedent during~~
2 infancy and who has been declared mentally disabled by a court of
3 competent jurisdiction, \$20,000;
- 4 5. ~~Parent, \$5,000;~~
- 5 6. ~~Child by blood, \$5,000;~~
- 6 7. ~~Stepchild, \$5,000;~~
- 7 8. ~~Child adopted during infancy, \$5,000;~~
- 8 9. ~~Child adopted during adulthood who was reared by the decedent during~~
9 infancy, \$5,000; or a
- 10 10. ~~Grandchild who is the issue of a child by blood, the issue of a stepchild,~~
11 the issue of a child adopted during infancy or the issue of a child
12 adopted during adulthood who was reared by the decedent during
13 infancy, \$5,000;
- 14 (e)} Class A beneficiaries as defined in KRS 140.070, ~~other than the~~
15 surviving spouse, of estates of decedents dying on or after July 1, 1995,
16 shall be as follows:
- 17 1. ~~For decedents dying between July 1, 1995, and June 30, 1996, the~~
18 greater of the exemption established pursuant to paragraph (1)(b) of this
19 section or one fourth (1/4) of each beneficiary's inheritable interest;
- 20 2. ~~For decedents dying between July 1, 1996, and June 30, 1997, the~~
21 greater of the exemption established pursuant to paragraph (1)(b) of this
22 section or one half (1/2) of each beneficiary's inheritable interest;
- 23 3. ~~For decedents dying between July 1, 1997, and June 30, 1998, the~~
24 greater of the exemption established pursuant to paragraph (1)(b) of this
25 section or three fourths (3/4) of each beneficiary's inheritable interest;
- 26 and
- 27 4. ~~For each decedent dying after June 30, 1998,] each beneficiary's total~~

1 inheritable interest;

2 ~~(c)~~~~(d)~~ All persons of Class B, under KRS 140.070, as follows:

3 1. For decedents dying prior to January 1, 2027, \$1,000; and

4 2. For decedents dying on or after January 1, 2027, each beneficiary's
5 total inheritable interest; and

6 ~~(d)~~~~(e)~~ All persons of Class C, under KRS 140.070, \$500.

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