



Finance Committee
House of Representatives
Commonwealth of Pennsylvania

M E M O R A N D U M

DATE: April 3, 2002

TO: Representative Peter Zug

FROM: Nathaniel D. Hench, Research Analyst
House Finance Committee (R)

RE: Legislation – Inheritance transfers to nieces and nephews

Handwritten initials "NDH" in a circle, likely the signature of Nathaniel D. Hench.

Per your request, enclosed is the draft legislation, amending the Inheritance Tax as imposed under the Tax Reform Code of 1971 to impose the lower rate (4.5%) on transfers moving in both directions between an Aunt/Uncle to a Niece/Nephew.

If you have any questions about this legislation or if you feel I can be of further assistance, please feel free to contact me directly.

PETER J. ZUG, MEMBER

HARRISBURG OFFICE:
HOUSE POST OFFICE BOX 202020
MAIN CAPITOL BUILDING
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 787-2686
TOLL FREE 1-800-956-4050

MYERSTOWN OFFICE:
112 WEST MAIN AVENUE
MYERSTOWN, PA 17067
PHONE: (717) 866-9144



House of Representatives

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

APPROPRIATIONS
INSURANCE
VETERANS AFFAIRS AND
EMERGENCY PREPAREDNESS
MAJORITY POLICY

CHESAPEAKE BAY COMMISSION

MEMORANDUM

TO: ALL MEMBERS

FROM: REPRESENTATIVE PETER ZUG

RE: INHERITANCE TAX TRANSFER,

DATE: April 8, 2002

In the very near future I will be introducing an important piece of legislation that will impose the lower rate of the inheritance tax (4.5%) on transfers moving in both directions between an Aunt/Uncle to a Niece/Nephew. Currently, transfers between an aunt/uncle to a niece/nephew, in either direction, is subject to the higher rate of the inheritance tax (15%).

As you are aware, many families are no longer the typical nucleus family that includes the birth parents, and children. Many children are now being raised by their aunts/uncles or grandparents instead of their birth parents. I am sure that it would *not* be difficult to find many of us in the House of Representatives who were raised by someone other than our birth parents.

Transfers between grandparents and grandchildren are already taxed at the 4.5% rate. My legislation extends the lower inheritance tax rate to transfers moving between aunts/uncles to nieces/nephews, reducing the tax penalty for aunts/uncles who are the parental figures to many children.

I strongly encourage you to sign on as a co-sponsor of my legislation. If you are interested in being a co-sponsor, please contact Lori Losch at 787-2686 or llosch@pahousegop.com.

