

Carcieri: Eliminating 'death tax' would boost R.I. population

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By Neil Downing
Journal Staff Writer

Governor Carcieri said yesterday that he supports elimination of the Rhode Island estate tax.

The levy — also known as the death tax — generally applies if the value of a decedent's estate exceeds \$675,000, which is one of the lowest such thresholds in the nation. (How much tax a person's estate may have to pay to Rhode Island depends, in part, on the size of the estate and how it is configured.)

Partly because of the death tax, some Rhode Island residents move elsewhere to retire, the governor said. "You don't want to die in Rhode Island. Any financial planner would tell you that," Carcieri said.

Eliminating Rhode Island's estate tax would represent "a statement for people to stay in Rhode Island," he added. It could also encourage people to move back to the state, he said.

Carcieri's comments come in the wake of tentative recommendations by a tax reform panel to either raise the threshold on Rhode Island's estate tax or scrap it altogether. The panel, which Carcieri appointed in May, is still working on its final recommendations, which could be produced later this month.

The governor was asked by a reporter yesterday about the estate tax as Carcieri was wrapping up an appearance at a Medicare event at the Crowne Plaza hotel in Warwick.

The Poverty Institute, a think tank at the Rhode Island College School of Social Work, last week called for the tax to be preserved.

Kate Brewster, executive director of institute, said in a statement that the tax "is the most fair tax that we have and must be preserved to maintain a balanced tax structure that requires those with the greatest ability to contribute their share towards public services and infrastructure."

A report issued last week by the Washington, D.C.-based liberal Citizens for Tax Justice, showed that comparatively few Rhode Islanders wind up paying the tax. The figures do not take into account those who escape the state's tax by using planning techniques or by moving to other states.

The estate tax is a lightning rod for controversy. Proponents generally say, in part, that the tax helps prevent the concentration of wealth in too few hands. Opponents say, in part, that the tax discourages hard work, investment and entrepreneurship.

There is also disagreement on how to describe it — liberals generally prefer the term “estate tax.” while conservatives typically prefer the term “death tax.” The Internal Revenue Code uses both terms.

ndowning@projo.com