January 23, 1957.
Tax Revision.

House File 31
By JOHANNES and HANSON.
(By request of Tax Study Comm.)

Passed House, Date..... Passed Senate, Date.....
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....
Approved.....

A BILL FOR

An Act relating to the assessment and collection of inheritance taxes on real and personal property.

WHEREAS, the present inheritance tax laws were enacted 45 years ago and since that time there have been only minor revisions, and

WHEREAS, the administrators of this tax are handicapped in the application of the law to present methods of transfers of estate property to devisees, legatees and grantees, and

WHEREAS, in the lights of the many court decisions in inheritance tax matters in the last half century attempting to interpret the legislature's intent and purpose, some changes in text of the law are indicated to effectuate that intention, and

WHEREAS, it is not the intent of this bill to make any changes in rates of tax or allowable deductions from taxable property, but to clarify the law so that all persons receiving estate property are fairly and equitably taxed, now therefore:

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section four hundred fifty point three (450.3),
2 Code 1954, is hereby amended by striking all of subsection two (2)
3 and inserting in lieu thereof the following:
4 "2. By deed, trust agreement, grant, sale, gift or transfer
5 made in contemplation of death of the grantor or donor, except in
6 case of a bona fide sale for an adequate and full consideration in
7 money or money's worth, and any such deed, trust agreement, grant,
8 sale, gift or transfer made within a period of three years, ending
9 with the date of death of the grantor or donor, except in case of
10 a bona fide sale for an adequate and full consideration in
11 money or money's worth shall, unless shown to the contrary, be
12 deemed to have been made in contemplation of death within the
13 meaning of this section, but no such deed, trust agreement,

14 grant, sale, gift or transfer made before such three-year period
15 shall be treated as having been made in contemplation of death.
16 Such limitation shall not affect those transfers taxable under
17 subsection three (3) of this section.

1 Sec. 2. Section four hundred fifty point twelve (450.12),
2 Code 1954, is hereby amended as follows:

3 1. Add at the end of subsection one (1) the following:
4 "None of the deductions listed in this subsection shall be
5 allowable if such deductions are applied to reduce the state
6 income tax liability of the estate."

7 2. Strike all of subsection three (3) and insert in lieu
8 thereof the following:

9 "3. An amount equal to the value at the time of decedent's
10 death of any property, real, personal or mixed, which can be
11 identified as having been received by decedent, as a share in the
12 estate of any person who died within the two years prior to the
13 death of the decedent or as a transfer made by such person to the
14 decedent and included in the estate of such person for purposes
15 of taxation hereunder by reason of any provision of section four
16 hundred fifty point three (450.3), or which can be identified as
17 having been acquired by the decedent in exchange for property so
18 received if an inheritance tax under this chapter was collected
19 from such estate and if such property is also included in
20 decedent's gross estate."

1 Sec. 3. Section four hundred fifty point fifty-one (450.51),
2 Code 1954, is hereby amended by adding after the word "founded"
3 at the end thereof the following:

4 ", provided, however, in the event any estate for life or
5 term of years is terminated by death of the life tenant or tenant

6 for a term of years prior to a date eighteen months after the
7 death of the decedent and also prior to the payment of
8 inheritance taxes on the remainder interest following such
9 estate, the tax on the remainder interest shall be computed on
10 the full value of the property in which the remainder interest was
11 created without diminution for any value otherwise attributable to
12 the pre-existing estate for life or term of years and the tax due
13 on such life estate or term shall be computed on the basis of
14 the net income actually received by, or accrued to, the tenant of
15 such an estate, as such tenant, prior to his death".

1 Sec. 4. Section four hundred fifty point eighty-one (450.81),
2 Code 1954, is hereby repealed and the following enacted in lieu
3 thereof:

4 "Within thirty days after September 30 of the year in which
5 this section becomes effective and within thirty days after the
6 expiration of each calendar quarter thereafter, the vital
7 statistics division of the state department of health shall
8 furnish to the state tax commission, alphabetically and by counties,
9 a list of the names of all persons whose death is recorded as
10 occurring in the respective counties during the quarter to which
11 the report is applicable, and the respective dates of death.
12 Within thirty days after the receipt of each quarterly report the
13 tax commission shall forward a list of the recorded deaths in each
14 county to the county recorder of such county. Thereafter, and
15 within sixty days from the receipt of such list, each county
16 recorder shall prepare from the records and files in his office
17 a list of all deeds, trust agreements, grants, sales, gifts or
18 transfers of real or personal property, except conditional sales
19 contracts involving personal property, with dates thereof, filed

20 in his office within a period of three years immediately
21 preceding the date of death of the decedent shown in said list to
22 which such decedent was a party. Such list so prepared by each
23 county recorder shall be returned to the state tax commission.

1 Sec. 5. Section four hundred fifty point eighty-six (450.86),
2 Code 1954, is hereby repealed and the following enacted in lieu
3 thereof:

4 "1. Access to safe deposit boxes. It shall be unlawful for
5 any safe deposit company, trust company, corporation, bank or
6 other institution, person or persons having in possession and
7 under control, custody or partial custody any safe deposit box or
8 similar receptacle, to permit access thereto by anyone after death
9 of any person who at the time of his death had the right or
10 privilege of access thereto, either as principal, deputy, agent or
11 cotenant, without the consent of the tax commission.

12 "2. Delivery or transfer of securities, deposits or assets.
13 No safe deposit company, trust company, corporation, either
14 organized under the laws of this state or doing business in this
15 state as a foreign corporation, bank or other institution, person
16 or persons having in possession or under escrow or control or
17 custody or under partial control or partial custody, securities,
18 deposits, assets, instruments of title to property, or property
19 belonging to or held in trust of the benefit of the decedent or
20 under terms which do or may make transfer of such trust assets
21 subject to the provisions of this chapter, or standing in the
22 name of a decedent who was a resident or nonresident, or belonging
23 to, or standing in the joint names of such decedent and one or
24 more persons, including the shares of the capital stock of, or
25 other interest in, the safe deposit company, trust company,

26 corporation, bank or other institution making the delivery or
27 transfer herein provided, shall deliver or transfer the same to
28 any person or persons whomsoever, except executors and
29 administrators, unless notice of the time and place of such
30 delivery or transfer be given to the state tax commission in
31 writing at least ten days prior to said delivery or transfer, and
32 unless there is first obtained the consent thereto in writing
33 from the commission. Consent of the tax commission to such
34 delivery or transfer may be conditioned upon the payment of
35 any tax owing by the claimant of any such securities, deposits,
36 assets, instruments of title to property or other property, or
37 upon the withholding by the organizations or persons above named
38 of such portion thereof as it deems necessary to secure tax
39 payment thereon. It shall be lawful for the tax commission or
40 any person acting as its agent to examine said securities,
41 deposits or assets at the time of said delivery or otherwise.
42 Two thousand dollars of every bank deposit shall be exempt from
43 the provisions of this section."

1 Sec. 6 Section four hundred fifty point eighty-seven
2 (450.87), Code 1954, is hereby repealed and the following
3 enacted in lieu thereof:

4 "No corporation, incorporated under the laws of this state
5 or doing business in this state as a foreign corporation, shall
6 transfer on its books any stock or issue a new certificate for
7 any share or shares of its capital stock belonging to or held in
8 trust for the benefit of a decedent or under terms which do or
9 may make the transfer of such trust assets subject to the
10 provisions of this chapter, or standing in the joint names of a
11 decedent and one or more persons, without the written consent of

12 the state tax commission."

1 Sec. 7. Section four hundred fifty point eighty-eight

2 (450.88), Code 1954, is hereby repealed and the following enacted

3 in lieu thereof

4 "1. Willful failure to comply with the provisions of

5 sections four hundred fifty point eighty-six (450.86) and four

6 hundred fifty point eighty-seven (450.87) shall render such safe

7 deposit company, trust company, corporation, bank or other

8 institution, person or persons, liable for the amount of the

9 taxes, interest or penalties due under other provisions of this

10 chapter.

11 "2. Any person seeking access to any safe deposit box upon

12 the death of any person having such rights of access thereto as

13 are listed in section four hundred fifty point eighty-six (450.86),

14 or seeking to withdraw securities, assets, instruments of title

15 to property, property, or funds belonging to a decedent or which

16 the decedent had the right to withdraw or seeking to reach such

17 property held in any manner by an institution for safekeeping,

18 shall notify, in writing, the lessor of such safe deposit box or

19 person holding such securities, assets, instruments of title to

20 property or funds of the fact of the decedent's death. Any

21 person who willfully fails to give the notice of the death of the

22 decedent required by this subsection with intent to evade taxes

23 due hereunder shall be guilty of a misdemeanor."

EXPLANATION OF HOUSE FILE 31

This bill revises certain sections of the inheritance tax laws to facilitate enforcement and provide equitable administration. It makes no changes in rates or obligations to pay the tax.

HOUSE FILE 31

1 1. Amend House File 31 by striking all of sections
2 five (5) and seven (7).
3 2. Renumber the sections.

Filed
February 21, 1957.

COMMITTEE ON TAX REVISION.