

May 11, 1965.
Place on Calendar.

House File 679
By WAYS AND MEANS COMMITTEE.

Passed House, Date 6/1 Passed Senate, Date 6/3
Vote: Ayes 91 Nays 32 Vote: Ayes 32 Nays 22

Approved.....

A BILL FOR

*passed on file 6/1
ways means pass 6/3
motion to reconsider tabled 6/3*

An Act relating to the Iowa inheritance tax.

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 1962, is hereby amended as follows:
- 3 1. By adding the following new subsections:
- 4 a. "By designation by the decedent of a named beneficiary of
- 5 any insurance policy upon the life of the decedent and which was
- 6 owned wholly or in part by the decedent."
- 7 b. "By reason of money damages received by the estate of the
- 8 decedent arising out of a claim for wrongful death of the decedent."
- 9 c. "Any transfer involving creation of a general power of
- 10 appointment shall be treated as a transfer of a fee or equivalent
- 11 interest in the property subject thereto to the donee of the power.
- 12 Any transfer involving creation of any other power of appointment
- 13 shall be treated as the transfer of a life estate or term of years
- 14 in the property subject thereto to the donee of the power and as
- 15 the transfer of the remainder interests therein to those who would
- 16 take if the power is not exercised."
- 17 2. By striking from line four (4) of subsection two (2) of
- 18 such section the word "two" and inserting in lieu thereof the word
- 19 three (3)".
- 1 Sec. 2. Subsection two (2) of section four hundred fifty
- 2 point four (450.4), Code 1962, is hereby repealed.

1 Sec. 3. Section four hundred fifty point nine (450.9), Code
2 1962, is hereby repealed and the following enacted in lieu thereof.

3 “In computing the tax on the net estate passing to a surviving
4 spouse or dependent, the following exemptions shall be allowed:

- 5 1. Surviving spouse, fifty thousand (50,000) dollars.
- 6 2. Dependent, twenty-five thousand (25,000) dollars. The
7 terms ‘dependent’ and ‘spouse’ shall have the same meaning as
8 provided by the Internal Revenue Code of 1954, as amended to
9 December 31, 1964.”

1 Sec. 4. Section four hundred fifty point ten (450.10), Code
2 1962, is hereby amended as follows:

3 1. By striking lines two (2) through eight (8) of subsection
4 one (1) of such section and inserting in lieu thereof the following:

5 “passes to the surviving spouse or a dependent of the deceased,
6 grantor, donor, or vendor, the tax imposed shall be on”.

7 2. By striking from line twelve (12) of subsection one (1) of
8 such section the word “One” and inserting in lieu thereof the word
9 “Three (3)”.

10 3. By striking from line thirteen (13) of subsection one (1)
11 of such section the word “Two” and inserting in lieu thereof the
12 word “Five (5)”.

13 4. By striking from line sixteen (16) of subsection one (1)
14 of such section the word “Three” and inserting in lieu thereof
15 the word “Six (6)”.

16 5. By striking from line nineteen (19) of subsection one (1)
17 of such section the word “Four” and inserting in lieu thereof the
18 word “Seven (7)”.

19 6. By striking from line twenty-two (22) of subsection one
20 (1) of such section the word “Five” and inserting in lieu thereof

21 the word "Eight (8)".

22 7. By striking from line twenty-five (25) of subsection one
23 (1) of such section the word "Six" and inserting in lieu thereof
24 the word "Nine (9)".

25 8. By striking from line twenty-eight (28) of subsection one
26 (1) of such section the word "Seven" and inserting in lieu thereof
27 the word "Ten (10)".

28 9. By striking from line thirty-one (31) of subsection one
29 (1) of such section the word "Eight" and inserting in lieu thereof
30 the word "Eleven (11)".

31 10. By striking from line seven (7) of subsection two (2) of
32 such section the word "Five" and inserting in lieu thereof the
33 word "Seven (7)".

34 11. By striking from line nine (9) of subsection two (2) of
35 such section the word "Six" and inserting in lieu thereof the
36 word "Eight (8)".

37 12. By striking from line twelve (12) of subsection two (2)
38 of such section the word "Seven" and inserting in lieu thereof
39 the word "Nine (9)".

40 13. By striking from line fifteen (15) of subsection two (2)
41 of such section the word "Eight" and inserting in lieu thereof the
42 word "Ten (10)".

43 14. By striking from line eighteen (18) of subsection two (2)
44 of such section the word "Nine" and inserting in lieu thereof the
45 word "Eleven (11)".

46 15. By striking from line twenty-one (21) of subsection two
47 (2) of such section the word "Ten" and inserting in lieu thereof
48 the word "Twelve (12)".

49 16. By striking from lines five (5), six (6), and seven (7)
50 of subsection four (4) of such section the following:

51 "under the laws of any other state, territory, province or
52 country than this state,".

1 Sec. 5 Section four hundred fifty point eleven (450.11), Code
2 1962, is hereby repealed.

1 Sec. 6. Chapter four hundred fifty (450), Code 1962, is hereby
2 amended by adding thereto the following new sections:

3 1. No person, bank, credit union, or savings and loan associ-
4 ation shall permit the withdrawal of funds from a joint account
5 by a surviving joint owner without first notifying the tax commis-
6 sion of the balance in such account at the date of decedent's
7 death and the name and address of the surviving joint owner. A
8 person, bank, credit union, or savings and loan association shall
9 only be liable for any inheritance tax due by the surviving joint
10 owner for willful failure to report to the tax commission as here-
11 in provided.

12 2. No insurance company shall pay the proceeds of any insur-
13 ance policy taxable under this chapter without first notifying
14 the state tax commission of the amount of benefits to be paid and
15 the names and addresses of each beneficiary. An insurance company
16 shall only be liable for any inheritance tax due by any benefi-
17 ary of that policy for willful failure to report to the tax com-
18 mission as herein provided.

1 Sec. 7. Section five hundred thirty-four point eleven (534.11),
2 subsection five (5), Code 1962, is hereby amended by striking
3 lines fifty (50) through fifty-four (54).

1 Sec. 8. Section five hundred thirty-four point eleven (534.11),

- 2 Code 1962, is hereby amended by striking all of subsection eight
- 3 (8) of such section after the word "any" in line eleven (11) and
- 4 inserting in lieu thereof a period.

- 1 Sec. 9. Chapter three hundred twenty-six (326), Acts of the
- 2 Sixtieth General Assembly, is hereby amended by inserting in line
- 3 five (5) of section one hundred ninety-seven (197) after the word
- 4 "purposes," the words "except on insurance to a named beneficiary
- 5 or recovery for wrongful death of the decedent,".

EXPLANATION OF HOUSE FILE 679

The Iowa inheritance tax is considerably lower than the average inheritance tax in the states surrounding Iowa, and this bill will bring the Iowa tax up to this average and thus raise needed revenue.

HOUSE FILE 679

- 1 House File 679 is hereby amended as follows:
- 2 1. By striking paragraph "a" of subsection one (1) of section
- 3 one (1).
- 4 2. By striking subsection two (2) of section six (6).

Filed
May 14, 1965.

withdrawn 6/1

DUFFY of Dubuque.
FISHER of Grundy.

HOUSE FILE 679

- 1 Amend House File 679 by striking paragraph b of subsection
- 2 one (1) of section one (1).

Filed
May 17, 1965.

withdrawn 6/1

DUFFY of Dubuque.
BRINCK of Lee.

HOUSE FILE 679

- 1 Amend House File 679 by striking lines three (3) through six (6)
- 2 of section four (4) and by inserting in lieu thereof the following:
- 3 "1. By inserting in line nine (9) thereof after the word,
- 4 "scendant" the words, "or dependent regardless of relationship".

Filed
May 18, 1965.

withdrawn 6/1

GAUDINEER of Polk.

HOUSE FILE 679

- 1 Amend Gaudineer amendment of May 24, 1965, by inserting in
- 2 line seventy-four (74) after the word, "owner." the following:
- 3 "Such notification may be accomplished by mailing the required
- 4 information to the tax commission and withdrawal or payment of
- 5 such funds may be made immediately thereafter as long as such
- 6 mailing is accomplished by ordinary mail no later than the date
- 7 of withdrawal or earlier if knowledge of the decedent's death
- 8 is known by the depository."

Filed
May 26, 1965.

adopted 6/1

GAUDINEER of Polk.

HOUSE FILE 679

- 1 Amend House File 679 by adding
- 2 a new subsection.
- 3 2. All revenue over and above the amount now collected
- 4 under the provision of the existing statute shall be applied
- 5 as Agriculture land tax credit.

Filed and ruled not germane
June 1, 1965.

SCHERLE of Fremont-Mills.

HOUSE FILE 679

1 Amend House File 679 by striking all after the enacting clause
2 and inserting in lieu thereof the following:
3 Section 1. Section four hundred fifty point three (450.3),
4 Code 1962, is hereby amended as follows:
5 1. By adding the following new subsection thereto:
6 "Any transfer involving creation of a general power of appoint-
7 ment shall be treated as a transfer of a fee or equivalent interest
8 in the property subject thereto to the donee of the power. Any
9 transfer involving creation of any other power of appointment
10 shall be treated as the transfer of a life estate or term of
11 years in the property subject thereto to the donee of the power
12 and as the transfer of the remainder interests therein to those
13 who would take if the power is not exercised."
14 2. By striking from line four (4) of subsection two (2) of
15 such section the word "two" and inserting in lieu thereof the
16 word "three (3)".
17 Sec. 2. Subsection one (1) of section four hundred fifty point
18 ten (450.10), Code 1962, is hereby amended by striking all of said
19 subsection after the word "follows:" in line eleven (11) and in-
20 serting in lieu thereof the following:
21 "One (1) percent of the first five thousand (5,000) dollars.
22 Two (2) percent of any amount in excess of five thousand (5,000)
23 dollars and up to twelve thousand five hundred (12,500) dollars.
24 Three (3) percent on any amount in excess of twelve thousand
25 five hundred (12,500) dollars and up to twenty-five thousand
26 (25,000) dollars.
27 Four (4) percent on any amount in excess of twenty-five thousand
28 (25,000) dollars and up to fifty thousand (50,000) dollars.
29 Five (5) percent on any amount in excess of fifty thousand
30 (50,000) dollars and up to seventy-five thousand (75,000) dollars.
31 Six (6) percent on any amount in excess of seventy-five thousand
32 (75,000) dollars and up to one hundred thousand (100,000) dollars.
33 Seven (7) percent on any amount in excess of one hundred thou-
34 sand (100,000) dollars and up to one hundred fifty thousand
35 (150,000) dollars.
36 Eight (8) percent on all sums in excess of one hundred fifty
37 thousand (150,000) dollars."
38 Sec. 3. Subsection two (2) of section four hundred fifty point
39 ten (450.10), Code 1962, is hereby amended by striking all of said
40 subsection after the word "follows:" in line six (6) and inserting
41 in lieu thereof the following:
42 "Five (5) percent on any amount up to twelve thousand five
43 hundred (12,500) dollars.
44 Six (6) percent on any amount in excess of twelve thousand five
45 hundred (12,500) dollars and up to twenty-five thousand (25,000)
46 dollars.
47 Seven (7) percent on any amount in excess of twenty-five thou-
48 sand (25,000) dollars and up to seventy-five thousand (75,000)
49 dollars.
50 Eight (8) percent on any amount in excess of seventy-five
51 thousand (75,000) dollars and up to one hundred thousand (100,000)
52 dollars.
53 ~~Nine (9) percent on any amount in excess of one hundred thousand~~
54 ~~(100,000) dollars and up to one hundred fifty thousand (150,000)~~
55 ~~dollars.~~
56 Ten (10) percent on all sums in excess of one hundred fifty
57 thousand (150,000) dollars."

58 Sec. 4. Subsection three (3) of section four hundred fifty
59 point ten (450.10), Code 1962, is hereby amended by striking all
60 of said subsection after the word "follows:" in line six (6) and
61 inserting in lieu thereof the following:
62 "Ten (10) percent on any amount up to fifty thousand (50,000)
63 dollars.
64 Twelve (12) percent on any amount in excess of fifty thousand
65 (50,000) dollars and up to one hundred thousand (100,000) dollars.
66 Fifteen (15) percent on all sums in excess of one hundred
67 thousand (100,000) dollars."
68 Sec. 5. Chapter four hundred fifty (450), Code 1962, is hereby
69 amended by adding thereto the following new section:
70 "1. No person, bank, credit union, or savings and loan associa-
71 tion shall permit the withdrawal of funds from a joint account by
72 a surviving joint owner without first notifying the tax commis-
73 sion of the balance in such account at the date of decedent's death and
74 the name and address of the surviving joint owner. A person, bank,
75 credit union, or savings and loan association shall only be liable
76 for any inheritance tax due by the surviving joint owner for will-
77 ful failure to report to the tax commission as herein provided."
78 Sec. 6. Section four hundred fifty point eleven (450.11), Code
79 1962, is hereby repealed.
80 Sec. 7. The provisions of this Act shall be effective on the
81 estates of decedents dying on or after July 4, 1965.

Filed
May 24, 1965.

Adopted as amended 6/1

GAUDINEER OF POLK.

HOUSE FILE 679

1 Amend the Gaudineer amendment to House File 679, filed
2 May 24, 1965, as follows:
3 1. By striking all of lines five (5) through thirteen (13)
4 and inserting in lieu thereof the following:
5 "1. By inserting after the period in line three (3) of sub-
6 section four (4) the following: 'Any transfer involving creation
7 of a general power of appointment shall be treated as a transfer
8 of a fee or equivalent interest in the property subject thereto
9 to the donee of the power. Any transfer involving creation of
10 any other power of appointment shall be treated as the transfer
11 of a life estate or term of years in the property subject thereto
12 to the donee of the power and as the transfer of the remainder
13 interests therein to those who would take if the power is not
14 exercised.'"
15 2. By inserting after line seventy-nine (79) the following:
16 "Sec. 7. Section four hundred fifty point fifty-one (450.51)
17 Code 1962, is hereby repealed and the following is enacted in
18 lieu thereof: 'The value of any annuity, deferred estate, or
19 interest, or any estate for life or term of years, subject to
20 inheritance tax shall be determined for the purpose of computing
21 said tax by the use of current, commonly used tables of mortality
22 and actuarial principles pursuant to regulations prescribed by
23 the State Tax Commission. The taxable value of annuities, life
24 or term, deferred, or future estates, shall be computed at the
25 rate of four percent per annum of the appraised value of the
26 property in which such estate or interest exists or is founded.'"
27 "Sec. 8 Section four hundred fifty point twenty-two (450.22)
28 Code 1962, is hereby amended by striking from lines six (6), seven
29 (7), and eight (8) the following: 'before the expiration of
30 eighteen months from the death of the decedent.'"
31 3. Renumber the remaining section in accordance with this
32 amendment.

Filed
May 26, 1965.

Adopted 6/1

BAILEY of Wright.

HOUSE FILE 679

1 Amend House File 679 by adding the following new section:
2 Section 450.9, Code 1962, is amended by striking the
3 word "forty" in subsection 1 and inserting in lieu thereof
4 the word "sixty"; by striking the word "forty" from
5 subsection 2 and inserting in lieu thereof the word "sixty";
6 by striking the word "fifteen" in line 4 of subsection 3
7 and inserting in lieu thereof the words "twenty-two thousand
8 five hundred; by striking the word "ten" from subsection
9 4 and inserting in lieu thereof the word "fifteen" and by
10 striking from line 2 of subsection 5 the words "five
11 thousand and inserting in lieu thereof the words "seven
12 thousand five hundred."

Filed and lost (25-30)
June 3, 1965.

By SHAFF.