

May 26, 1965.
Placed on Calendar.

House File 709
By WAYS AND MEANS COMMITTEE.

Passed House, Date 5/28 Passed Senate, Date 6/3

Vote: Ayes 95 Nays 0 Vote: Ayes 45 Nays 9

Approved.....

A BILL FOR

ways means 5/28
pass 6/2
passed as amended 6/4 (98-0)

An Act to amend section four hundred fifty-one point two (451.2)
Code of 1962, relating to Iowa estate tax.

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

1 Section 1. Section four hundred fifty-one point two (451.2),
2 Code 1962, is hereby repealed and the following is enacted in
3 lieu thereof:

4 "451.2 Additional Tax. The federal estate tax credit as
5 allowed is hereby imposed upon every transfer of the net estate
6 of every decedent, being a resident of, or owning property in
7 this state, as herein provided.

8 "1. Where decedent is a resident of Iowa and all property is
9 located in Iowa, or is subject to the jurisdiction of the courts,
10 the total credit as allowed under federal statute shall be paid
11 to the state of Iowa. Where decedent is a nonresident or where
12 property is located outside the state of Iowa and not subject to
13 jurisdiction of Iowa courts, the tax shall be pro-rated on the
14 basis that the Iowa property bears to the total gross estate for
15 federal tax purposes.

16 "2. The total tax or the Iowa share of said tax shall be
17 credited with the amount of any inheritance tax due the state of
18 Iowa as provided in chapter 450 of the Iowa Code."

1 Sec. 2. Section four hundred fifty-one point three (451.3),
2 Code 1962, is hereby repealed and the following is enacted in

- 3 lieu thereof:
- 4 "451.3 Gross and net estate. The gross estate shall be the
- 5 same as finally determined for federal estate tax and the net
- 6 estate shall be the gross estate less deductions as permitted by
- 7 federal law, in arriving at the net taxable federal estate."

EXPLANATION OF HOUSE FILE 709

This act is designed for the sole purpose of clarifying and insuring Iowa the right to receive the full amount of federal estate tax credit. Presently when an estate is located in two or more states, no provision is made for the division of the federal estate tax credit. This problem is most frequent with nonresidents of Iowa. The proposed change will insure the state of Iowa its due share of the estate tax.

It is anticipated this change could increase revenue \$50,000-\$60,000 per year (\$100,000-\$120,000 per biennium) without any increase in tax to the estate; if the state of Iowa does not receive its full share of the federal credit, the estate must pay the tax to the federal government.

HOUSE FILE 709

- 1 Amend House File 709, section 2, line 7, by inserting
- 2 the following after the word "estate": ", all determined
- 3 as provided in the Internal Revenue Code of 1954".

Filed and adopted
June 3, 1965.

By STANLEY.

HOUSE FILE 709

- 1 1. Amend House File 709 by striking lines four (4), five
- 2 (5), six (6), and seven (7) in section one (1) thereof and
- 3 inserting in lieu thereof the following:
- 4 "451.2 Additional tax: An amount equal to the federal
- 5 estate tax credit for state death taxes as allowed in the
- 6 Internal Revenue Code of 1964 is hereby imposed upon every
- 7 transfer of the net estate of every decedent, being a resident
- 8 of, or owning property in this state, as herein provided."
- 9 2. Further amend House File 709 by inserting after the word
- 10 "courts" in line nine (9) thereof the following:
- 11 " , of Iowa, an amount equal to"
- 12 3. House File 709 is further amended by adding thereto the
- 13 following section:
- 14 "Sec. 3. Section four hundred fifty-one point one (451.1),
- 15 Code 1962, is hereby amended by adding thereto the following
- 16 subsection:
- 17 "8. The term "Internal Revenue Code of 1954" shall have
- 18 the same meaning as ascribed to it in section four hundred
- 19 twenty-two point four (422.4)."

Filed and adopted
June 3, 1965.

House concurred 6/4
By STANLEY and KIBBIE.