

May 29, 1965.
Placed on Calendar.

House File 716
By WAYS AND MEANS COMMITTEE.

Passed House, Date 6/1 Passed Senate, Date 6/2
Vote: Ayes 87 Nays 9 Vote: Ayes 31 Nays 24

Approved.....

*passed house as amended 6/2 (93-12) ways+means 6/1
substituted for SF 636-6/2
motion to reconsider tabled 6/2*

A BILL FOR

An Act to tax real estate transfers.

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

1 Section 1. There is hereby imposed on each deed, instrument,
2 or writing by which any lands, tenements, or other realty in this
3 state shall be granted, assigned, transferred, or otherwise con-
4 veyed, a tax determined in the following manner. When there is
5 no consideration or when the consideration, exclusive of the value
6 of any lien or encumbrance remaining thereon at the time of sale,
7 is one thousand (1,000) dollars or less, there shall be no tax.
8 When the consideration, exclusive of the value of any lien or
9 encumbrance remaining thereon at the time of sale, exceeds one
10 thousand (1,000) dollars, the tax shall be one dollar ten cents
11 (\$1.10) plus fifty-five (55) cents for each five hundred (500)
12 dollars or fractional part of five hundred (500) dollars in excess
13 of one thousand (1,000) dollars.

1 Sec. 2. The tax imposed by this Act shall not apply to:

2 1. Any executory contract for the sale of land under which
3 the vendee is entitled to or does take possession thereof, or any
4 assignment or cancellation thereof.

5 2. Any mortgage or any assignment, extension, partial release,
6 or satisfaction thereof.

7 3. Any will.

8 4. Any plat.

9 5. Any lease.

10 6. Any deed, instrument, or writing in which the United States
11 or any agency or instrumentality thereof or the state of Iowa or
12 any agency, instrumentality, or governmental or political subdivi-
13 sion thereof is the grantor, assignor, transferor, or conveyor;
14 and any deed, instrument or writing in which any of such unit of
15 government is the grantee or assignee where there is no considera-
16 tion or where the consideration does not exceed one thousand
17 (1,000) dollars.

18 7. Deeds for cemetery lots.

1 Sec. 3. Any person who grants, assigns, transfers, or conveys
2 any land, tenement, or realty by a deed, writing, or instrument
3 subject to the tax imposed by this Act shall be liable for such
4 tax but no public official shall be liable for a tax with respect
5 to any instrument executed by him in connection with his official
6 duties.

1 Sec. 4. The county recorder shall refuse to record any deed,
2 instrument, or writing, taxable under the provisions of section
3 one (1) of this Act on which documentary stamps in the amount
4 stated thereon have not been affixed or without a statement on
5 said deed, instrument, or writing that the same is exempt. The
6 validity of effectiveness of an instrument as between the parties
7 thereto, and as to any person who would otherwise be bound thereby,
8 shall not be affected by the failure to comply herewith; nor if
9 an instrument is accepted for recording or filing contrary to the
10 provision hereof, shall the failure to comply herewith destroy or
11 impair the record thereof as notice.

1 Sec. 5. The tax imposed by this Act shall be paid by the

2 affixing of a documentary stamp or stamps in the amount of the
3 tax to the document or instrument with respect to which the tax
4 is paid and stamps in excess of the amount of the tax shall not
5 be affixed to the document or instrument.

1 Sec. 6. A person using or affixing a stamp shall cancel it
2 and so deface it as to render it unfit for reuse by marking it
3 in ink with his initials and the date on which such affixing occurs.

1 Sec. 7. The state tax commission shall cause documentary
2 stamps to be printed and shall furnish such stamps as may be neces-
3 sary to the county treasurers of the state without charge. Docu-
4 mentary stamps may be purchased from any county treasurer and may
5 be used in payment of the tax imposed by this Act and may be resold
6 by the owner at any time.

1 Sec. 8. On or before the tenth (10th) day of each month the
2 county treasurer shall determine and pay to the state treasurer
3 the receipts from the sale of documentary stamps during the pre-
4 ceding month and the state treasurer shall deposit such receipts
5 in the state treasury to the credit of the general fund.

6 The county treasurer shall keep such records and make such
7 reports with respect to the documentary stamps entrusted to his
8 custody and with respect to the sale of such stamps as the state
9 tax commission shall prescribe.

1 Sec. 9. The care of documentary stamps entrusted to county
2 treasurers and the duties imposed upon county treasurers by this
3 Act shall be within the duties of such office.

1 Sec. 10. Any person liable for the tax imposed by this Act
2 who knowingly fails to comply with the provisions of section
3 five (5) of this Act relating to the attachment or cancellation

4 of documentary stamps unless such failure is shown to be due to
5 reasonable cause shall be liable to a civil penalty of twenty-five
6 (25) dollars of each such failure.

7 Any person who wilfully attempts in any manner to evade or defeat
8 any such tax or the payment thereof, shall, in addition to other
9 penalties provided by law, be liable to a penalty of fifty (50)
10 percent of the total amount of underpayment of the tax.

1 Sec. 11. The commission shall enforce the provisions of this
2 Act and may prescribe rules and regulations for their detailed
3 and efficient administration.

1 Sec. 12. The term "documentary stamp" means all stamps issued
2 by the state tax commission for use in payment of the taxes imposed
3 by this Act.

1 Sec. 13. This Act shall not apply with respect to any deed,
2 instrument, or writing where such deed, instrument, or writing
3 may not under the constitution of this state or under the consti-
4 tution or laws of the United States be made the subject of taxation
5 by this state.

1 Sec. 14. The tax imposed by this Act shall be credited with
2 the amount of any excise taxes actually paid the United States of
3 America under section 4361 of subchapter C of chapter 34 of the
4 Federal Internal Revenue Code.

EXPLANATION OF HOUSE FILE 716

Iowa law now requires the State Tax Commission to conduct annual sales-assessment ratio studies to determine the ratio between the current market value of property and the assessed value. Such studies are necessary before equalization of assessments can be undertaken and the studies cannot be undertaken without either a federal or a state documentary stamp being affixed to warranty deeds. Such stamps indicate the price at which the real estate is sold.

The federal government's documentary stamp tax will be repealed on January 1, 1966; therefore, state tax stamps on warranty deeds are necessary for the continuation of the studies.

This tax—which will yield about \$500,000—will only be effective after the repeal of the federal tax so there will be no duplication.

HOUSE FILE 716

- 1 Amend House File 716 by striking section 14 and inserting
- 2 in lieu thereof the following:
- 3 "There shall be allowed as a credit against the amount of
- 4 the tax hereby imposed an amount equal to the amount of tax
- 5 actually paid to the United States of America under provisions
- 6 of section 4361 of sub-chapter C of chapter 34 of the Federal
- 7 Internal Revenue Code of 1954."

Filed
June 1, 1965.

Adopted 4/2 House amended 4/2

By FROMMELT.