

FILED APR 21 1971

SENATE FILE 500

By COMMITTEE ON JUDICIARY

Passed Senate, Date 5-6-71 Passed House, Date 6-2-71
Vote: Ayes 47 Nays 0 Vote: Ayes 86 Nays 1
Approved June 10, 1971

A BILL FOR

1 An Act relating to the Iowa inheritance tax.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. Section four hundred fifty point seven (450.7),
2 Code 1971, is amended by striking the section and inserting
3 in lieu thereof the following:

4 450.7 LIEN OF TAX.

5 1. The tax is a charge against and a lien upon the estate
6 subject to tax under this chapter, and all property of the
7 estate or owned by the decedent from the death of the decedent
8 until paid, subject to the following limitations:

9 a. Inheritance taxes owing with respect to a passing of
10 property of a deceased person whose estate has not been ad-
11 ministered in this state are no longer a lien against the
12 property twenty years from the date of death of the decedent
13 owner, except to the extent taxes are attributable to remainder
14 or deferred interests which have not been finally vested in
15 possession for at least ten years.

16 b. Inheritance taxes owing with respect to a passing of
17 property of a deceased person whose estate has been adminis-
18 tered in this state are no longer a lien against the property
19 ten years from the date of death of the decedent owner, except
20 to the extent taxes are attributable to remainder or deferred
21 interests and are deferred in accordance with the provisions
22 of this chapter.

23 2. Notice of the lien is not required to be recorded.
24 The rights of the state under the lien have priority over
25 all subsequent mortgages, purchases, or judgment creditors;
26 and a conveyance after the decedent's death of the property
27 subject to a lien does not discharge the property except as
28 otherwise provided in this chapter. The department of revenue
29 may release the lien by filing in the office of the clerk
30 of the court in the county where the property is located,
31 the decedent owner died, or the estate is pending or was
32 administered, one of the following:

33 a. A receipt in full payment of the tax.

34 b. A certificate of nonliability for the tax as to all
35 property reported in the estate.

1 c. A release or waiver of the lien as to all or any part
2 of the property reported in the estate, which shall release
3 the lien as to the property designated in the release or
4 waiver.

5 3. The sale, exchange, mortgage, or pledge of property
6 by the personal representative pursuant to a testamentary
7 direction or power, or under order of court, divests the
8 property from the lien of the tax. The proceeds from such
9 a sale, exchange, mortgage, or pledge shall be held by the
10 personal representative subject to the same priorities for
11 the payment of the tax as existed with respect to the prop-
12 erty before the transaction, and the personal representative
13 is personally liable for payment of the tax to the extent
14 of the proceeds. Whenever there is a change in the status,
15 type, or nature of the assets reported in the preliminary
16 inventory, the change shall be reported on or before the
17 filing of the final report when required by the department
18 of revenue.

19 Sec. 2. Section four hundred fifty point twenty-seven
20 (450.27), Code 1971, is amended as follows:

21 450.27 COMMISSION TO APPRAISERS. ~~Whenever it appears~~
22 ~~that an estate or any property or interest therein, includ-~~
23 ~~ing any property or interest therein which has been trans-~~
24 ~~ferred either in contemplation of death, or to take effect~~
25 ~~in possession or enjoyment at or after death is or may be~~
26 ~~subject to the tax imposed by this chapter;~~ When an appraisal
27 of any part of an estate is requested by the department of
28 revenue, as provided in section 450.39, or is otherwise
29 required by this chapter, the clerk shall issue a commission
30 to the appraisers, who shall fix a time and place for
31 appraisal, except that if the only interest that is sub-
32 ject to ~~such~~ tax is a remainder or deferred interest upon
33 which the tax is not payable until the determination of a
34 prior estate or interest for life or term of years, he shall
35 not issue ~~such~~ the commission until the determination of ~~such~~

1 the prior estate, except at the request of parties in interest
2 who desire to remove ~~the-lien-thereon~~ an inheritance tax lien.

3 Sec. 3. Section four hundred fifty point thirty-nine
4 (450.39), Code 1971, is amended by striking the section and
5 inserting in lieu thereof the following:

6 450.39 APPRAISAL.

7 1. An appraisal is not required for an item of property
8 in an estate if the item is listed on an inventory or report
9 filed in the estate or an amendment thereto, unless the depart-
10 ment of revenue requests appraisal by filing a written request
11 with the clerk where the inventory or report is filed, within
12 sixty days after the filing. When a request is filed, the
13 clerk shall notify the personal representative and his attorney
14 of the request. The department of revenue may waive an
15 appraisal which has been previously requested.

16 2. If appraisal of an item of property is not required
17 or is waived, the personal representative, trustee, or the
18 persons entitled to or claiming the item of property shall
19 be charged, for the purpose of computing the tax, with the
20 full value of the item as reported in the inventory or re-
21 port.

22 Sec. 4. Section four hundred fifty point forty-five
23 (450.45), Code 1971, is amended as follows:

24 450.45 LIFE AND TERM ESTATES--APPRAISEMENT. Whenever
25 Subject to the provisions of section 450.39, when an estate
26 or interest for life or term of years in real property ~~shall~~
27 be is given to a party other than those especially exempt
28 by this chapter, the clerk shall cause ~~such~~ the property to
29 be appraised at the actual market value thereof, as is provided
30 in ordinary cases, and the party entitled to ~~such~~ the estate
31 or interest shall, within eighteen months from the death of
32 decedent owner, pay ~~such~~ the tax, and in default thereof the
33 court shall order ~~such~~ the estate or interest ~~in-said-estate,~~
34 or so much thereof as ~~shall-be~~ necessary to pay ~~such~~ the tax
35 and interest, to be sold.

1 Sec. 5. Section four hundred fifty point forty-seven
2 (450.47), Code 1971, is amended as follows:

3 450.47 LIFE AND TERM ESTATES IN PERSONAL PROPERTY. ~~When-~~
4 ~~ever~~ Subject to the provisions of section 450.39, when an
5 estate or interest for life or term of years in personal prop-
6 erty ~~shall-be~~ is given to one or more persons other than those
7 especially exempt by this chapter and the remainder or deferred
8 estate to others, the clerk shall cause the property ~~so~~ devised
9 or conveyed to be appraised as provided herein in ordinary
10 estates and the value of the several estates or interests
11 ~~so~~ devised or conveyed shall be determined as provided in
12 section 450.51, and the tax upon such estates or interests
13 as are liable for the tax imposed by this chapter shall be
14 paid to the department of revenue from the property appraised
15 or by the persons entitled to ~~such~~ the estate or interest
16 within eighteen months from the death of the testator, grantor,
17 or donor; provided, however, that payment of the tax upon
18 any deferred estate or remainder interest may be deferred
19 until the determination of the prior estate by the giving
20 of a good and sufficient bond as provided in section 450.48.

21 Sec. 6. Section four hundred fifty point eighty-six
22 (450.86), Code 1971, is amended as follows:

23 450.86 SECURITIES AND ASSETS HELD BY BANK, ETC. No safe
24 deposit company, trust company, bank, or other institution,
25 person or persons holding securities or assets, exclusive
26 of life insurance policies payable to named beneficiaries,
27 which securities or other assets are located in a safety
28 deposit box or other ~~such~~ security enclosure of the decedent
29 after receiving knowledge of the death shall deliver or
30 transfer the same to the ~~executory-administratory-or-legal~~
31 ~~representative-or~~ transferee, joint owner, or beneficiary
32 of ~~said~~ the decedent unless the tax for which ~~such~~ the
33 securities or assets are liable under this chapter ~~shall-be~~
34 is first paid, or the payment thereof is secured by bond as
35 herein provided. However, all the contents shall be reported

1 in writing to the department of revenue, and thereafter may
2 be delivered to the executor, administrator, or legal
3 representative. It ~~shall be~~ is lawful for and the duty of
4 the director of revenue personally, or by any person by him
5 duly authorized, to examine such the securities or assets
6 at the time of any proposed delivery or transfer. Failure
7 to ~~serve-ten-days-notice-of-such-proposed-transfer-upon-the~~
8 ~~director-of-revenue-or-to-allow-such-examination-on~~ give
9 written notice of the contents of the safety deposit box or
10 other security enclosure to the department of revenue at the
11 time of or prior to the delivery of such the securities or
12 assets to such the executor, administrator, or legal
13 representative or transferee, joint owner, or beneficiary
14 shall render such the safe deposit company, trust company,
15 bank, or other institution, person or persons liable for the
16 payment of the tax upon such the securities or assets as
17 provided in this chapter.

18 Sec. 7. Section six hundred thirty-three point four hun-
19 dred eighty-one (633.481), Code 1971, is amended as follows:

20 633.481 CERTIFICATE TO COUNTY AUDITOR FOR TAX PURPOSES
21 WITHOUT ADMINISTRATION. Whenever an ~~order-is-entered~~ inventory
22 or report is filed under the provisions of section ~~450.40~~
23 450.22, without administration of the estate of a decedent,
24 the clerk shall issue and deliver to the county auditor of
25 the county in which such the real estate is situated a like
26 certificate pertaining to each parcel of real estate described
27 in the ~~application-for-such-order~~ inventory or report. Any
28 fees for certificates required by this section or section
29 633.480 shall be assessed as costs of administration, but
30 the certificates shall be filed whether fees are paid or not.

31 Sec. 8. Sections four hundred fifty point fifteen (450.15),
32 four hundred fifty point twenty-five (450.25), four hundred
33 fifty point twenty-six (450.26), and four hundred fifty point
34 forty (450.40), through four hundred fifty point forty-three
35 (450.43), inclusive, Code 1971, are repealed.

EXPLANATION

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2 This bill provides that the lien of unpaid inheritance
3 taxes is effective for twenty years after the date of death
4 of the decedent if the estate has not been probated in this
5 state, and for ten years if the estate has been probated.
6 The present law has a fixed date which requires amendment
7 from time to time. The bill also provides that inheritance
8 tax appraisals are not necessary unless the department of
9 revenue requests them, and shifts responsibility relating
10 to appraisals and releases of liens from the district court
11 judges. It also provides that the contents of safety deposit
12 boxes may be delivered to the executor, administrator, or
13 other legal representative if notice of the contents is given
14 to the department of revenue.

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Senate 9
April 30, 1971

SENATE FILE 500

1 Amend Senate File 500 by inserting on page 6 after
2 line 17 the following new section and renumbering
3 the remaining sections:
4 "Section four hundred fifty point ninety-seven
5 (450.97), Code 1971, is amended as follows:
6 450.97 JOINT OWNERS OF BANK ACCOUNTS--DUTY TO
7 NOTIFY DEPARTMENT OF REVENUE. No Except as otherwise
8 provided in this section, no person, bank, credit
9 union, or savings and loan association shall permit
10 the withdrawal of funds from a joint account by a
11 surviving joint owner without first notifying the
12 department of revenue of the balance in such account
13 at the date of decedent's death and the name, re-
14 lationship, and address of the surviving joint owner.
15 Such notification may be accomplished by mailing the
16 required information by ordinary mail to the department
17 of revenue and withdrawal or payment of such funds
18 may be made immediately thereafter ~~as long as such~~
19 ~~mailing is accomplished by ordinary mail no later~~
20 ~~than the date of withdrawal or earlier if knowledge~~
21 ~~of the decedent's death is known by the depository~~
22 ~~to the executor, administrator, surviving spouse,~~
23 ~~or children of the decedent. No withdrawal or payment~~
24 ~~of funds shall be made to other persons unless secured~~
25 ~~by bond for any taxes that may be due, by release~~

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1 by the department of revenue, or by a receipt or
2 certified copy of a receipt issued by the department
3 of revenue and filed with the clerk of the district
4 court showing payment of inheritance taxes or that
5 none are due, or that the estate or joint owners are
6 otherwise relieved of inheritance taxes. A person,
7 bank, credit union, or savings and loan association
8 shall only be liable for any inheritance tax due by
9 the surviving joint owner for willful failure to
10 report to the department of revenue as herein
11 provided.

Filed - w. d. 5/6
April 29, 1971

By DeKOSTER

SENATE FILE 500

1 Amend Senate File 500 as follows:

2 1. Page 3, by inserting after line 18 the following
3 new sections:

4 1. "Section four hundred fifty point ten (450.10),
5 subsection six (6), Code 1971, is amended as follows:

6 6. When the property or any interest therein, or in-
7 come therefrom, taxable under the provisions of this
8 chapter passes to any person included under subsections
9 1 or 2 hereof, there shall be credited to the tax imposed
10 on the individual share so passing an amount equal to the
11 tax imposed in this state on the decedent on any property,
12 real, personal or mixed, or the proportionate share
13 thereof on property passing to the person taxed here-
14 under, which can be identified as having been received
15 by the decedent as a share in the estate of any person
16 who dies within two years prior to the death of the
17 decedent, or which can be identified as having been
18 acquired by the decedent in exchange for property so
19 received. The credit shall not be applicable to taxes
20 on property of the decedent which was not acquired from
21 the prior estate."

22 2. "Section four hundred fifty point twenty-two
23 (450.22), Code 1971, is amended as follows:

24 450.22 ADMINISTRATION AVOIDED. When the heirs or
25 persons entitled to inherit the property of an estate

Page 2

1 subject to the tax hereby imposed, desire to avoid the
2 appointment of an administrator as provided in section
3 450.21, and in all instances where real estate is in-
4 volved and no regular probate proceedings are had, they
5 or one of them shall file under oath the inventories
6 and reports and perform all the duties required by this
7 chapter, or administrators, including the filing of the
8 lien. Proceedings for the collection of the tax when
9 no administrator is appointed, shall conform as nearly
10 as may be to the provisions of this chapter in other
11 cases."

12 2. Page 4, by inserting after line 2 the following
13 new section:

14 "Section four hundred fifty point thirty-one (450.31),
15 Code 1971, is amended as follows:

16 450.31 OBJECTIONS. The director of revenue or any
17 person interested in the estate or property appraised
18 may, within twenty forty-five days thereafter, file
19 objections to said appraisement and give notice thereof
20 as in beginning civil actions, to the director of
21 revenue or the representative of the estate or trust,
22 if any, otherwise to the person interested as heir,
23 legatee, or transferee, on the hearing of which as an
24 action in equity either party may produce evidence
25 competent or material to the matters therein involved."

Senate 8
April 22, 1971

Page 3

- 1 3. Page 6, by inserting after line 17 the following
2 new section:
3 "Section six hundred thirty-three point three hundred
4 sixty-one (633.361), unnumbered paragraph one (1), Code
5 1971, is amended as follows:
6 Within sixty days after his qualification, unless a
7 longer time shall be granted by the court, the personal
8 representative shall file with the clerk, in duplicate,
9 a verified, or affirmed under penalty of perjury, full
10 and detailed report and inventory of the property of
11 the deceased, so far as the same has come to his knowl-
12 edge, as follows:"
13 4. By renumbering the sections of the bill in
14 accordance with this amendment.

Filed - *Adopted 5/6*
April 21, 1971

By DeKOSTER

- 1 Amend Senate File 500 as follows:
2 Section 13, line 1, by inserting after the word
3 "Sections" the following: "four hundred fifty point
4 fifteen (450.15),".

Filed - *W. D. 6/2*
May 20, 1971

By KREAMER of Polk
District 63

EXPLANATION OF AMENDMENT *House*

This is simply a corrective amendment because through inadvertence Section four hundred fifty point fifteen (450.15) was not repealed when it should have been, because the bill provides a new and simplified procedure with respect to determining liability for inheritance tax.

- 1 Amend Senate File 500, page 6, line 31, by striking the
2 words and figures "four hundred fifty point fifteen (450.15)"
3 and inserting in lieu thereof the words and figures "four
4 hundred fifty point twenty-three (450.23)".

Filed - *Adopted 5/6*
April 21, 1971

By DeKOSTER

- 1 Amend Senate File 500, page 5, by adding the following new
2 section after line 20, and renumbering the remaining sections:
3 Sec. 6. Section four hundred fifty-point fifty-nine (450.59),
4 Code 1971, is amended by striking unnumbered paragraph two.

Filed - *Adopted 5/6*
April 26, 1971

By DeKOSTER