

JAN 18 1896
WAYS AND MEANS

HOUSE FILE 2075
BY BRAMMER

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

A BILL FOR

1 An Act repealing certain death-related taxes and increasing the
2 tobacco products tax.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2075

1 Section 1. Section 450.2, Code 1995, is amended by adding
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. Estates of decedents dying on or
4 after July 1, 1996, are not subject to the tax under this
5 chapter.

6 Sec. 2. Section 450.4, Code 1995, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 7. Any property of an estate of a person
9 dying on or after July 1, 1996.

10 Sec. 3. NEW SECTION. 450B.8 NONAPPLICABILITY OF CHAPTER.

11 This chapter shall not apply to property of estates of de-
12 cedents dying on or after July 1, 1996.

13 Sec. 4. Section 453A.43, subsection 1, unnumbered
14 paragraph 1, Code 1995, is amended to read as follows:

15 A tax is imposed upon all tobacco products in this state
16 and upon any person engaged in business as a distributor of
17 tobacco products, at the rate of ~~twenty-two~~ forty-four percent
18 of the wholesale sales price of the tobacco products, except
19 little cigars as defined in section 453A.42. Little cigars
20 shall be subject to the same rate of tax imposed upon
21 cigarettes in section 453A.6, payable at the time and in the
22 manner provided in section 453A.6; and stamps shall be affixed
23 as provided in division I of this chapter. The tax on tobacco
24 products, excluding little cigars, shall be imposed at the
25 time the distributor does any of the following:

26 Sec. 5. Section 453A.43, subsection 2, unnumbered
27 paragraph 1, Code 1995, is amended to read as follows:

28 A tax is imposed upon the use or storage by consumers of
29 tobacco products in this state, and upon the consumers, at the
30 rate of ~~twenty-two~~ forty-four percent of the cost of the
31 tobacco products.

32 EXPLANATION

33 Depending on the circumstances, present law has four death-
34 related state taxes. These are the inheritance tax, chapter
35 450; the generation skipping transfer tax, chapter 450A; the

1 qualified use inheritance tax, chapter 450B; and the Iowa
2 estate tax, chapter 451. This bill eliminates for estates of
3 decedents dying on or after July 1, 1996, the taxes under
4 chapters 450 and 450B. The other two taxes are retained
5 because these taxes are only imposed to the extent that the
6 federal law allows credits against the federal taxes for the
7 amounts paid the state.

8 The bill also increases the tobacco products tax rate from
9 22 to 44 percent of the wholesale sales price of tobacco
10 products. This tax is not imposed on cigarettes and little
11 cigars.

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