JAN 14 1997
WAYS AND MEANS

HOUSE FILE 16
BY GARMAN

Passed House, Date ____________ Passed Senate, Date ____________
Vote: Ayes ______ Nays ______ Vote: Ayes ______ Nays ______
Approved ______________________________

A BILL FOR

An Act relating to the exemption from the inheritance tax of property passing to certain relatives and providing an applicability date provision.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF 16

TLSB 1343HH 77
mg/jj/8

Section 1. Section 450.7, subsection 1, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Except for the share of the estate passing to the surviving spouse, father or mother, each son and daughter including legally adopted sons and daughters or biological sons and daughters, stepchildren, and grandchildren, the tax is a charge against and a lien upon the estate subject to tax under this chapter, and all property of the estate or owned by the decedent from the death of the decedent until paid, subject to the following limitation:

Sec. 2. Section 450.9, subsection 1, Code 1997, is amended to read as follows:

1. Surviving spouse, father or mother, son or daughter including legally adopted sons and daughters or biological sons and daughters, stepchildren, or grandchildren, the entire amount of property, interest in property, and income.

Sec. 3. Section 450.9, subsections 2 and 3, Code 1997, are amended by striking the subsections.

Sec. 4. Section 450.10, subsection 1, unnumbered paragraph 1, Code 1997, is amended to read as follows:

When the property, interest, or income passes to ~~the-father or-mother,-or-to-a-child-or~~ a lineal descendant of the decedent, grantor, donor, or vendor~~,-including-a-legally adopted-child-or-biological-child-entitled-to-inherit-under the-laws-of-this-state~~ not included in subsection 7, the tax imposed shall be on the individual share so passing in excess of the exemptions allowed as follows:

Sec. 5. Section 450.10, subsection 2, unnumbered paragraph 1, Code 1997, is amended to read as follows:

When the property or any interest ~~therein~~ in property, or income ~~therefrom~~ from property taxable under the provisions of this chapter passes to the brother or sister, son-in-law, or daughter-in-law, ~~or-step-children,~~ the rate of tax imposed on the individual share ~~so~~ passing shall be as follows:

Sec. 6. Section 450.10, subsection 7, Code 1997, is amended to read as follows:

7. Property, interest in property, or income passing to the surviving spouse, father or mother, son or daughter including legally adopted sons and daughters or biological sons and daughters, stepchildren, or grandchildren, is not taxable under this section.

Sec. 7. This Act applies to estates of decedents dying on or after July 1, 1997.

EXPLANATION

The bill exempts from the inheritance tax property, interest in property, or income passing to the parents, children, stepchildren, and grandchildren of a decedent.

The bill applies to estates of decedents dying on or after July 1, 1997.