

JAN 14 1997
WAYS AND MEANS

HOUSE FILE 23
BY BLODGETT, GREIG, LORD,
BOGESS, HUSEMAN, DOLECHECK
VEENSTRA, EDDIE, MEYER,
ARNOLD, TEIG, WEIDMAN,
RAYHONS, BRADLEY, DRAKE,
HAHN, BRUNKHORST, GRIES,
GREINER, METCALF, LARSON,
HEATON, KREMER, KLEMME,
VANDE HOEF, GARMAN, WELTER,
BODDICKER, DIX, BRAUNS,
SUKUP, VAN FOSSEN, HOUSER,
CORMACK, JENKINS, and NELSON

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

A BILL FOR

1 An Act relating to the repeal of the inheritance tax on property
2 passing to certain relatives and the phase out of the
3 inheritance tax on property passing to other persons and
4 providing an applicability date.

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

6
7
8
9
10
11
12
13
14

HF 23

1 Section 1. Section 450.2, Code 1997, is amended by adding
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. Property passing from estates of
4 decedents dying on or after July 1, 2003, is not subject to
5 tax under this chapter. This chapter is repealed July 1,
6 2003, for property of estates of decedents dying on or after
7 July 1, 2003.

8 Sec. 2. Section 450.9, subsections 2 and 3, Code 1997, are
9 amended to read as follows:

10 2. Each son and daughter, including legally adopted sons
11 and daughters, or biological sons and daughters entitled to
12 inherit under the law of this state, ~~fifty-thousand-dollars~~
13 stepsons, stepdaughters, grandsons, and granddaughters, the
14 entire amount of property, interest in property, and income.

15 3. Father or mother, ~~fifteen-thousand-dollars~~ the entire
16 amount of property, interest in property, and income.

17 Sec. 3. Section 450.10, subsection 1, unnumbered paragraph
18 1, Code 1997, is amended to read as follows:

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

26 Sec. 4. Section 450.10, subsection 2, unnumbered paragraph
27 1, Code 1997, is amended to read as follows:

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

33 Sec. 5. Section 450.10, subsection 7, Code 1997, is
34 amended to read as follows:

35 7. Property, interest in property, or income passing to

1 the surviving spouse, is parents, children including legally
2 adopted children and biological children entitled to inherit
3 under the laws of this state, stepchildren, or grandchildren,
4 are not taxable under this section.

5 Sec. 6. Section 450.10, Code 1997, is amended by adding
6 the following new subsection:

7 NEW SUBSECTION. 8. For property, interest in property, or
8 income from property passing from estates of decedents dying
9 during the following fiscal years the tax rates under
10 subsections 1 through 6 shall be a percentage of those
11 specified as follows:

12 a. For the fiscal year beginning July 1, 1999, eighty
13 percent.

14 b. For the fiscal year beginning July 1, 2000, sixty
15 percent.

16 c. For the fiscal year beginning July 1, 2001, forty
17 percent.

18 d. For the fiscal year beginning July 1, 2002, twenty
19 percent.

20 e. For fiscal years beginning on or after July 1, 2003,
21 zero percent.

22 Sec. 7. Sections 2, 3, 4, and 5 of this Act apply to
23 estates of decedents dying on or after July 1, 1997.

24 EXPLANATION

25 The bill eliminates the inheritance tax on property,
26 interest in property, and income from property passing to
27 parents, children, stepchildren, and grandchildren from
28 estates of persons dying on or after July 1, 1997.

29 The bill also reduces the present inheritance tax rates by
30 20 percent over five fiscal years beginning with the 1999-2000
31 fiscal year for all other inheritors. The rate for the fiscal
32 year applies to property of estates of decedents dying during
33 that fiscal year. Effective July 1, 2003, the inheritance tax
34 is repealed for decedents dying on or after that date.

35 The exemption from inheritance tax of parents, children,

1 stepchildren, and grandchildren applies to estates of persons
2 dying on or after July 1, 1997.

- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35