

Freeman, Redwine, Flynn

SSB 3060  
Commerce

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON JENSEN)

Sponsored By  
SF/Hr 2134

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the transfer of certain deposit and investment  
2 accounts upon the death of the decedent.

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

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1 Section 1. Section 524.805, subsection 8, Code 2001, is  
2 amended to read as follows:

3 8. A state bank may receive deposits from one or more  
4 persons with the provision that upon the death of the  
5 depositors the deposit account shall be the property of the  
6 person or persons designated by the deceased depositors as  
7 shown on the deposit account records of the state bank. The  
8 account is subject to the debts of the deceased depositors and  
9 the payment of Iowa inheritance tax provided, ~~that upon the~~  
10 ~~expiration of six months after the date of death of the~~  
11 ~~deceased depositors,~~ the receipt or acquittance of the persons  
12 designated is a valid and sufficient release and discharge of  
13 the state bank for the delivery of any part or all of the  
14 account.

15 Sec. 2. Section 633.801, subsection 7, Code 2001, is  
16 amended to read as follows:

17 7. "Security account" means either any of the following:

18 a. Any of the following:

19 (1) A reinvestment account associated with a security.

20 (2) A securities account with a broker.

21 (3) A cash balance in a brokerage account.

22 (4) Cash, interest, earnings, or dividends earned or  
23 declared on a security in an account, a reinvestment account,  
24 or a brokerage account, whether or not credited to the account  
25 before the owner's death.

26 b. A cash balance or other property held for or due to the  
27 owner of a security as a replacement for or product of an  
28 account security, whether or not credited to the account  
29 before the owner's death.

30 c. An investment management or custody account with a  
31 bank, trust company, or a trust division of a bank with trust  
32 powers, including the securities in the account, cash balance  
33 in the account, cash, cash equivalents, interest, earnings,  
34 and dividends earned or declared on a security in the account  
35 whether or not credited to the account before the owner's

1 death. For purposes of this paragraph, "bank" means an entity  
2 as defined in section 12C.1.

3 EXPLANATION

4 This bill makes changes to two Code provisions regarding  
5 deposit and investment accounts.

6 The bill amends language in Code section 524.805 currently  
7 providing that the deposit account is subject to the debts of  
8 the deceased depositor and Iowa inheritance tax only after six  
9 months following the death of the depositor. The bill removes  
10 the time period requirement, and provides that the account is  
11 subject to the payment of the decedent's debts and inheritance  
12 tax upon a valid release of the bank, for delivery of all or  
13 part of the account, by the persons designated to receive the  
14 account from the state bank.

15 The bill also adds a new paragraph to a subsection in Code  
16 section 633.801, which defines "security account". The  
17 section is part of Iowa's probate code, and, according to Code  
18 section 633.800, part of the uniform transfer on death  
19 security registration Act. The new paragraph provides an  
20 additional definition for "security account", an investment  
21 management or custody account with a bank, trust company, or  
22 trust division of a bank with trust powers containing certain  
23 items. The effect of adding such bank and trust accounts to  
24 Code section 633.801 is to make them eligible for registration  
25 in beneficiary form, so that the items in the account pass to  
26 the beneficiary at the owner's death, pursuant to the terms of  
27 Code sections 633.800 through 633.811.

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Substitutes for HF 2208  
2/13/02  
(P. 330)

FILED FEB 7 2002

SENATE FILE 2134  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3060)

Passed Senate, (P. 331) Date 2/13/02 Passed House, (P. 260) Date 2/13/02  
Vote: Ayes 96 Nays 0 Vote: Ayes 46 Nays 0  
Approved 2/21/02

A BILL FOR

1 An Act relating to the transfer of certain deposit and investment  
2 accounts upon the death of the decedent.

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

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SF 2134

1 Section 1. Section 524.805, subsection 8, Code 2001, is  
2 amended to read as follows:

3 8. A state bank may receive deposits from one or more  
4 persons with the provision that upon the death of the  
5 depositors the deposit account shall be the property of the  
6 person or persons designated by the deceased depositors as  
7 shown on the deposit account records of the state bank. ~~The~~  
8 ~~account-is-subject-to-the-debts-of-the-deceased-depositors-and~~  
9 ~~the-payment-of-Iowa-inheritance-tax-provided,-that-upon-the~~  
10 ~~expiration-of-six-months-after-the-date-of-death-of-the~~  
11 ~~deceased-depositors,-the-receipt-or-acquittance-of-the-persons~~  
12 ~~designated-is-a-valid-and-sufficient-release-and-discharge-of~~  
13 ~~the-state-bank-for-the-delivery-of-any-part-or-all-of-the~~  
14 ~~account.~~ After payment by the state bank, the proceeds shall  
15 remain subject to the debts of the decedent and the payment of  
16 Iowa inheritance tax, if any. A state bank paying the person  
17 or persons designated shall not be liable as a result of that  
18 action for any debts of the decedent or for any estate,  
19 inheritance, or succession taxes which may be due this state.

20 Sec. 2. Section 633.801, subsection 7, Code 2001, is  
21 amended to read as follows:

22 7. "Security account" means either any of the following:

23 a. Any of the following:

24 (1) A reinvestment account associated with a security.

25 (2) A securities account with a broker.

26 (3) A cash balance in a brokerage account.

27 (4) Cash, interest, earnings, or dividends earned or  
28 declared on a security in an account, a reinvestment account,  
29 or a brokerage account, whether or not credited to the account  
30 before the owner's death.

31 b. A cash balance or other property held for or due to the  
32 owner of a security as a replacement for or product of an  
33 account security, whether or not credited to the account  
34 before the owner's death.

35 c. An investment management or custody account with a

1 bank, trust company, or a trust division of a bank with trust  
2 powers, including the securities in the account, cash balance  
3 in the account, cash, cash equivalents, interest, earnings,  
4 and dividends earned or declared on a security in the account  
5 whether or not credited to the account before the owner's  
6 death. For purposes of this paragraph, "bank" means an entity  
7 as defined in section 12C.1.

8 EXPLANATION

9 This bill makes changes to two Code provisions regarding  
10 deposit and investment accounts.

11 The bill amends language in Code section 524.805 that  
12 currently provides that the deposit account is subject to the  
13 debts of the deceased depositor and Iowa inheritance tax for  
14 only six months following the death of the depositor. The  
15 bill removes the six-month time period requirement, but  
16 provides that the proceeds remain subject to the decedent's  
17 debts and inheritance tax after payment by the state bank to  
18 the persons designated by the decedent to receive the  
19 proceeds. The state bank is not liable for any debts or taxes  
20 as a result of making the payment.

21 The bill also adds a new paragraph to a subsection in Code  
22 section 633.801, which defines "security account". The  
23 section is part of Iowa's probate code, and, according to Code  
24 section 633.800, part of the uniform transfer on death  
25 security registration Act. The new paragraph provides an  
26 additional definition for "security account", an investment  
27 management or custody account with a bank, trust company, or  
28 trust division of a bank with trust powers containing certain  
29 items. The effect of adding such bank and trust accounts to  
30 Code section 633.801 is to make them eligible for registration  
31 in beneficiary form, so that the items in the account pass to  
32 the beneficiary at the owner's death, pursuant to the terms of  
33 Code sections 633.800 through 633.811.

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SENATE FILE 2134

AN ACT

RELATING TO THE TRANSFER OF CERTAIN DEPOSIT AND INVESTMENT  
ACCOUNTS UPON THE DEATH OF THE DECEDENT.

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

Section 1. Section 524.805, subsection 8, Code 2001, is amended to read as follows:

8. A state bank may receive deposits from one or more persons with the provision that upon the death of the

depositors the deposit account shall be the property of the person or persons designated by the deceased depositors as shown on the deposit account records of the state bank. ~~The account is subject to the debts of the deceased depositors and the payment of Iowa inheritance tax provided, that upon the expiration of six months after the date of death of the deceased depositors, the receipt or acquittance of the persons designated is a valid and sufficient release and discharge of the state bank for the delivery of any part or all of the account.~~ After payment by the state bank, the proceeds shall remain subject to the debts of the decedent and the payment of Iowa inheritance tax, if any. A state bank paying the person or persons designated shall not be liable as a result of that action for any debts of the decedent or for any estate, inheritance, or succession taxes which may be due this state.

Sec. 2. Section 633.801, subsection 7, Code 2001, is amended to read as follows:

7. "Security account" means either any of the following:

a. Any of the following:

(1) A reinvestment account associated with a security.

(2) A securities account with a broker.

(3) A cash balance in a brokerage account.

(4) Cash, interest, earnings, or dividends earned or declared on a security in an account, a reinvestment account, or a brokerage account, whether or not credited to the account before the owner's death.

b. A cash balance or other property held for or due to the owner of a security as a replacement for or product of an account security, whether or not credited to the account before the owner's death.

c. An investment management or custody account with a bank, trust company, or a trust division of a bank with trust powers, including the securities in the account, cash balance in the account, cash, cash equivalents, interest, earnings, and dividends earned or declared on a security in the account

whether or not credited to the account before the owner's death. For purposes of this paragraph, "bank" means an entity as defined in section 12C.1.

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MARY E. KRAMER

President of the Senate

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BRENT SIEGRIST

Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2134, Seventy-ninth General Assembly.

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MICHAEL E. MARSHALL

Secretary of the Senate

Approved 2/21, 2002

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THOMAS J. VILSACK

Governor