

FEB 12 2004
WAYS AND MEANS

HOUSE FILE 2240
BY SHOULTZ

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

A BILL FOR

1 An Act relating to the Iowa estate tax and including an
2 applicability date provision.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF 2240

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1 Section 1. Section 451.1, subsections 1 and 2, Code 2003,
2 are amended by striking the subsections and inserting in lieu
3 thereof the following:

4 1. "Federal estate tax" or "federal estate tax Act" means
5 the tax imposed by the federal estate tax pursuant to sections
6 2001 through 2210 of the Internal Revenue Code.

7 Sec. 2. Section 451.1, subsection 4, Code 2003, is amended
8 to read as follows:

9 4. For estates of decedents dying prior to January 1,
10 2010, "Internal Revenue Code" means the same as defined in
11 section 422.3, unless otherwise provided. For estates of
12 decedents dying after December 31, 2009, "Internal Revenue
13 Code" means the Internal Revenue Code in effect on December
14 31, 2009, unless otherwise provided.

15 Sec. 3. Section 451.2, unnumbered paragraph 1, Code 2003,
16 is amended to read as follows:

17 An For decedents dying on or after January 1, 2004, an
18 amount equal to the federal estate tax credit for state death
19 taxes as allowed in the Internal Revenue Code, in effect on
20 January 1, 2004, is imposed upon every transfer of the net
21 estate of every decedent, being a resident of, or owning
22 property in this state.

23 Sec. 4. Section 451.3, Code 2003, is amended to read as
24 follows:

25 451.3 GROSS AND NET ESTATE.

26 The gross estate shall be the same as finally determined
27 for federal estate tax and the net estate shall be the gross
28 estate less deductions as permitted by federal law, in
29 arriving at the net taxable federal estate, all determined as
30 provided in the Internal Revenue Code. However, for estates
31 of decedents dying on or after January 1, 2005, the gross and
32 net estates shall be computed without any deduction for state
33 death taxes.

34 Sec. 5. Section 451.13, Code 2003, is repealed.

35 Sec. 6. APPLICABILITY DATE. This Act applies

1 retroactively to estates of decedents dying on or after
2 January 1, 2004.

3 EXPLANATION

4 Under present law, the Iowa estate tax is equal to the
5 amount of federal credit for state death taxes that may be
6 taken in computing federal estate tax liability minus any
7 amount of Iowa death taxes paid. However, the federal credit
8 for state death taxes is being replaced by a deduction thus
9 eliminating Iowa's estate tax. This bill maintains Iowa's
10 estate tax by making the tax equal to the amount of federal
11 credit that was available under the federal estate tax as of
12 January 1, 2004. The bill also provides that when the federal
13 estate tax is to be repealed, the computations of the federal
14 gross and net estates for purposes of computing the federal
15 credit and hence Iowa's estate tax shall be the same as
16 provided under the federal estate tax prior to its repeal.

17 The bill applies retroactively to estates of decedents
18 dying on or after January 1, 2004.

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