

House File 195 - Introduced

HOUSE FILE 195

BY HALL

A BILL FOR

1 An Act exempting from the inheritance tax a certain amount of
2 property passing to brothers, sisters, uncles, aunts, first
3 cousins, nieces, and nephews and including applicability
4 provisions.

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

1 Section 1. Section 450.9, Code 2013, is amended to read as
2 follows:

3 **450.9 Individual exemptions.**

4 1. In computing the tax on the net estate, the entire
5 amount of property, interest in property, and income
6 passing to the surviving spouse, and parents, grandparents,
7 great-grandparents, and other lineal ascendants, children
8 including legally adopted children and biological children
9 entitled to inherit under the laws of this state, stepchildren,
10 and grandchildren, great-grandchildren, and other lineal
11 descendants are exempt from tax.

12 2. In computing the tax on the net estate, the first one
13 million dollars in the aggregate of property, interest in
14 property, and income passing to brothers, sisters, uncles,
15 aunts, first cousins, nieces, and nephews is exempt from tax.
16 If the entire amount of property, interest in property, and
17 income passing to all persons listed in this subsection exceeds
18 one million dollars, the exemption shall be apportioned among
19 the persons according to each person's proportionate share of
20 the entire amount of property, interest in property, and income
21 passing to all persons listed in this subsection.

22 Sec. 2. Section 450.10, subsection 1, unnumbered paragraph
23 1, Code 2013, is amended to read as follows:

24 When the property or any interest in property, or income from
25 property, taxable under the provisions of this chapter, passes
26 to the brother or sister, in excess of the amounts exempted by
27 operation of subsection 7, the son-in-law, or daughter-in-law,
28 the rate of tax imposed on the individual share so passing
29 shall be as follows:

30 Sec. 3. Section 450.10, subsection 2, unnumbered paragraph
31 1, Code 2013, is amended to read as follows:

32 When the property or interest in property or income from
33 property, taxable under this chapter, passes to a person not
34 included in subsections 1 and 6, or to a person included in
35 subsection 7, other than a brother or sister, in excess of the

1 amounts exempted by operation of that subsection, the rate of
2 tax imposed on the individual share so passing shall be as
3 follows:

4 Sec. 4. Section 450.10, subsection 5, Code 2013, is amended
5 to read as follows:

6 5. When the property or any interest in property, or income
7 from property, taxable under this chapter, passes to any person
8 included under subsection 1, there shall be credited to the tax
9 imposed on the individual share so passing an amount equal to
10 the tax imposed in this state on the decedent on any property,
11 real, personal or mixed, or the proportionate share thereof on
12 property passing to the person taxed hereunder, which can be
13 identified as having been received by the decedent as a share
14 in the estate of any person who died within two years prior
15 to the death of the decedent, or which can be identified as
16 having been acquired by the decedent in exchange for property
17 so received. The credit shall not be applicable to taxes on
18 property of the decedent which was not acquired from the prior
19 estate, or taxes on property of the decedent otherwise exempt
20 from taxation under subsection 7.

21 Sec. 5. Section 450.10, Code 2013, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 7. The first one million dollars in the
24 aggregate of property, interest in property, or income passing
25 to brothers, sisters, uncles, aunts, first cousins, nieces,
26 and nephews is not taxable under this section. If the entire
27 amount of property, interest in property, and income passing
28 to all persons listed in this subsection exceeds one million
29 dollars, the exemption shall be apportioned among the persons
30 according to each person's proportionate share of the entire
31 amount of property, interest in property, and income passing to
32 all persons listed in this subsection.

33 Sec. 6. APPLICABILITY. This Act applies to estates of
34 decedents dying on or after July 1, 2013.

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EXPLANATION

1 This bill exempts from the inheritance tax the first \$1
2 million in the aggregate of property passing to brothers,
3 sisters, uncles, aunts, first cousins, nieces, and nephews. If
4 the total property passing to these persons exceeds \$1 million,
5 the exemption is apportioned among the persons according to
6 their proportionate share of the property.

7 The bill also provides that the credit for prior inheritance
8 tax paid by the decedent on property passing to a brother,
9 sister, son-in-law, or daughter-in-law shall not be applicable
10 to the amounts passing to a brother or sister that are
11 otherwise exempted from tax in the bill.

12 The bill applies to estates of decedents dying on or after
13 July 1, 2013.