

Senate File 2292 - Introduced

SENATE FILE 2292

BY ZAUN

A BILL FOR

1 An Act reducing the state inheritance tax rates and providing
2 for the future repeal of the state inheritance tax and state
3 qualified use inheritance tax.

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

1 Section 1. Section 450.10, Code 2016, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 7. *a.* In lieu of each rate of tax imposed
4 in subsections 1 through 4, for property passing from the
5 estate of a decedent dying on or after July 1, 2017, but before
6 July 1, 2018, there shall be imposed a rate of tax equal to
7 the applicable tax rate in subsections 1 through 4, reduced by
8 ten percent, and rounded to the nearest one-hundredth of one
9 percent.

10 *b.* In lieu of each rate of tax imposed in subsections 1
11 through 4, for property passing from the estate of a decedent
12 dying on or after July 1, 2018, but before July 1, 2019, there
13 shall be imposed a rate of tax equal to the applicable tax rate
14 in subsections 1 through 4, reduced by twenty percent, and
15 rounded to the nearest one-hundredth of one percent.

16 *c.* In lieu of each rate of tax imposed in subsections 1
17 through 4, for property passing from the estate of a decedent
18 dying on or after July 1, 2019, but before July 1, 2020, there
19 shall be imposed a rate of tax equal to the applicable tax rate
20 in subsections 1 through 4, reduced by thirty percent, and
21 rounded to the nearest one-hundredth of one percent.

22 *d.* In lieu of each rate of tax imposed in subsections 1
23 through 4, for property passing from the estate of a decedent
24 dying on or after July 1, 2020, but before July 1, 2021, there
25 shall be imposed a rate of tax equal to the applicable tax
26 rate in subsections 1 through 4, reduced by forty percent, and
27 rounded to the nearest one-hundredth of one percent.

28 *e.* In lieu of each rate of tax imposed in subsections 1
29 through 4, for property passing from the estate of a decedent
30 dying on or after July 1, 2021, but before July 1, 2022, there
31 shall be imposed a rate of tax equal to the applicable tax
32 rate in subsections 1 through 4, reduced by fifty percent, and
33 rounded to the nearest one-hundredth of one percent.

34 *f.* In lieu of each rate of tax imposed in subsections 1
35 through 4, for property passing from the estate of a decedent

1 dying on or after July 1, 2022, but before July 1, 2023, there
2 shall be imposed a rate of tax equal to the applicable tax
3 rate in subsections 1 through 4, reduced by sixty percent, and
4 rounded to the nearest one-hundredth of one percent.

5 *g.* In lieu of each rate of tax imposed in subsections 1
6 through 4, for property passing from the estate of a decedent
7 dying on or after July 1, 2023, but before July 1, 2024, there
8 shall be imposed a rate of tax equal to the applicable tax rate
9 in subsections 1 through 4, reduced by seventy percent, and
10 rounded to the nearest one-hundredth of one percent.

11 *h.* In lieu of each rate of tax imposed in subsections 1
12 through 4, for property passing from the estate of a decedent
13 dying on or after July 1, 2024, but before July 1, 2025, there
14 shall be imposed a rate of tax equal to the applicable tax rate
15 in subsections 1 through 4, reduced by eighty percent, and
16 rounded to the nearest one-hundredth of one percent.

17 *i.* In lieu of each rate of tax imposed in subsections 1
18 through 4, for property passing from the estate of a decedent
19 dying on or after July 1, 2025, but before July 1, 2026, there
20 shall be imposed a rate of tax equal to the applicable tax rate
21 in subsections 1 through 4, reduced by ninety percent, and
22 rounded to the nearest one-hundredth of one percent.

23 **Sec. 2. NEW SECTION. 450.98 Tax repealed.**

24 Effective July 1, 2026, this chapter shall not apply to
25 property of estates of decedents dying on or after July 1,
26 2026. The inheritance tax shall not be imposed under this
27 chapter in the event the decedent dies on or after July 1,
28 2026, and, to this extent, this chapter is repealed.

29 **Sec. 3. NEW SECTION. 450B.8 Tax repealed.**

30 Effective July 1, 2026, this chapter shall not apply to
31 property of estates of decedents dying on or after July 1,
32 2026. The qualified use inheritance tax shall not be imposed
33 under this chapter in the event the decedent dies on or after
34 July 1, 2026, and, to this extent, this chapter is repealed.

35 **Sec. 4. CODE EDITOR DIRECTIVE.** The Code editor is directed

1 to remove chapters 450 and 450B from the Code and correct
2 appropriate references to chapters 450 and 450B and appropriate
3 references to the inheritance tax and qualified use inheritance
4 tax effective July 1, 2036.

5

EXPLANATION

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The inclusion of this explanation does not constitute agreement with
7 the explanation's substance by the members of the general assembly.

7

8 This bill reduces by 90 percent ratably over a nine-year
9 fiscal period the rates of tax applicable to the state
10 inheritance tax, beginning for estates of decedents dying
11 on or after July 1, 2017. The bill then repeals the state
12 inheritance tax and the state qualified use inheritance tax
13 effective July 1, 2026, for property of estates of decedents
14 dying on or after July 1, 2026. Inheritance tax will not
15 be imposed on any property in the event of the death of an
16 individual on or after July 1, 2026. The bill directs the Code
17 editor to remove Code chapters 450 (inheritance tax) and 450B
18 (qualified use inheritance tax) from the Code effective July
19 1, 2036.