

**Senate File 16 - Introduced**

SENATE FILE 16

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 2021, 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, 2021, but before  
6 July 1, 2022, 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, 2022, but before July 1, 2023, 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, 2023, but before July 1, 2024, 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, 2024, but before July 1, 2025, 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, 2025, but before July 1, 2026, 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, 2026, but before July 1, 2027, 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, 2027, but before July 1, 2028, 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, 2028, but before July 1, 2029, 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, 2029, but before July 1, 2030, 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 This chapter shall not apply to property of estates of  
25 decedents dying on or after July 1, 2030. The inheritance  
26 tax shall not be imposed under this chapter in the event the  
27 decedent dies on or after July 1, 2030, and, to this extent,  
28 this chapter is repealed.

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 NEW SECTION. 450B.8 Tax repealed.**

30 This chapter shall not apply to property of estates of  
31 decedents dying on or after July 1, 2030. The qualified use  
32 inheritance tax shall not be imposed under this chapter in the  
33 event the decedent dies on or after July 1, 2030, and, to this  
34 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, 2040.

5

EXPLANATION

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

8       This bill proportionally reduces over a nine-year period  
9 the rates of tax applicable to the state inheritance tax,  
10 beginning for estates of decedents dying on or after July 1,  
11 2021. The bill then repeals the state inheritance tax and the  
12 state qualified use inheritance tax for property of estates of  
13 decedents dying on or after July 1, 2030. Inheritance tax will  
14 not be imposed on any property in the event of the death of an  
15 individual on or after July 1, 2030. The bill directs the Code  
16 editor to remove Code chapters 450 (inheritance tax) and 450B  
17 (qualified use inheritance tax) from the Code effective July  
18 1, 2040.