

CHAPTER 177
STATE INHERITANCE TAX REVISIONS
H.F. 635

AN ACT relating to the state inheritance tax by eliminating the preliminary inheritance tax return, specifying the value to use in computing the tax, providing for inheritance tax receipts and collection of the tax, including penalties and interest and making coordinating amendments.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 331.704, subsection 2, paragraph i, Code 1983, is amended by striking the paragraph.

Sec. 2. Section 450.1, Code 1983, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For purposes of this chapter, unless the context otherwise requires, "personal representative" means an executor, administrator, or trustee as each is defined in section 633.3.

Sec. 3. Section 450.4, subsection 1, Code 1983, is amended to read as follows:

1. When the entire estate of the decedent does not exceed the sum of ten thousand dollars after deducting the debts liabilities, as defined in this chapter.

Sec. 4. Section 450.5, Code 1983, is amended to read as follows:

450.5 LIABILITY FOR TAX. Any person becoming beneficially entitled to any property or interest therein in property by any method of transfer as herein specified in this chapter, and all administrators, executors, personal representatives and referees, and trustees of estates or transfers taxable under the provisions of this chapter, shall be are respectively liable for all such taxes to be paid by them respectively.

Sec. 5. Section 450.7, subsection 3, Code 1983, is amended to read as follows:

3. The sale, exchange, mortgage, or pledge of property by the personal representative pursuant to a testamentary direction or power, pursuant to section 633.387, or under order of court, divests the property from the lien of the tax. The proceeds from such a that sale, exchange, mortgage, or pledge shall be held by the personal representative subject to the same priorities for the payment of the tax as existed with respect to the property before the transaction, and the personal representative is personally liable for payment of the tax to the extent of the proceeds. Whenever there is a change in the status, type, or nature of the assets reported in the preliminary inventory, the change shall be reported on or before the filing of the final report when required by the department of revenue.

Sec. 6. Section 450.12, Code 1983, is amended by striking the section and inserting in lieu thereof the following:

450.12 LIABILITIES DEDUCTIBLE.

1. Subject to the limitations in subsections 2 and 3, there shall be deducted from the gross value of the estate only the liabilities defined as follows:

The debts owing by the decedent at the time of death, the local and state taxes accrued before the decedent's death, the federal estate tax and federal taxes owing by the decedent, a reasonable sum for funeral expenses, the allowance for surviving spouse and minor children

granted by the probate court or its judge, court costs, the costs of appraisement made for the purpose of assessing the inheritance tax, the fee of personal representatives as allowed by order of court, the amount paid by the personal representatives for a bond, the attorney's fee in a reasonable amount to be approved by the court for the probate proceedings in the estate, the costs of the sale of real estate or personal property in the estate, including the real estate agent's commission, and expenses for abstracting, documentary stamps, and title correction expenses.

A liability shall not be deducted unless the personal representative certifies that it has been paid or, if not paid, the director of revenue is satisfied that it will be paid.

2. If the decedent's gross estate includes property with a situs outside of Iowa, the liabilities deductible under subsection 1 shall be prorated on the basis that the gross value of property with a situs in Iowa bears to the total gross estate. Only the Iowa portion of the liabilities shall be deductible in computing the tax imposed by this chapter. However, a liability secured by a lien on property shall be allocated to the state where the property has a situs and shall not be prorated except to the extent the liability exceeds the value of the property.

3. If a liability under subsection 1 is secured by property, or a portion of property, not included in the decedent's gross estate, only that portion of the liability attributable to property or a portion of property included in the decedent's gross estate is deductible in computing the tax imposed by this chapter.

Sec. 7. Section 450.17, Code 1983, is amended to read as follows:

450.17 CONVEYANCE—EFFECT. When said real estate or any an interest therein, in real estate is subject to such tax, no a conveyance either before or after the entering of said lien, shall does not discharge the real estate so conveyed from said the lien except as provided in section 450.7.

Sec. 8. Section 450.21, Code 1983, is amended to read as follows:

450.21 ADMINISTRATION ON APPLICATION OF DIRECTOR. If, upon the death of any person leaving an estate that may be liable to a tax under the provisions of this chapter, a will disposing of such the estate is not offered for probate, or an application for administration made within four months from the time of such the decease, the director of revenue may, at any time thereafter, make application to the proper court, setting forth such that fact and praying requesting that an administrator may a personal representative be appointed, and thereupon said the court shall appoint an administrator a personal representative to administer upon such the estate.

Sec. 9. Section 450.22, Code 1983, is amended to read as follows:

450.22 ADMINISTRATION AVOIDED. When the heirs or persons entitled to inherit the property of an estate subject to the tax hereby imposed under this chapter, desire to avoid the appointment of an administrator a personal representative as provided in section 450.21, and in all instances where real estate is involved and no regular probate proceedings are not had, they or one of them shall file under oath the inventories required by section 633.361 and reports and perform all the duties required by this chapter, of administrators, including the filing of the lien of the personal representative and file the inheritance tax return. Proceedings for the collection of the tax when no administrator a personal representative is not appointed, shall conform as nearly as may be to the provisions of this chapter in other cases.

Sec. 10. Section 450.24, Code 1983, is amended to read as follows:

450.24 APPRAISERS. In each county the court shall, on or before January 15 of each year, appoint three competent residents and freeholders of said the county to act as appraisers of all the real property within its jurisdiction which is charged or sought to be charged with an inheritance tax. Said The appraisers shall serve for one year, and until their successors are appointed and qualified. They shall each take an oath to faithfully and impartially perform the

duties of the office, but shall not be required to give bond. They shall be subject to removal at any time at the discretion of the court. The court may also in its discretion, either before or after the appointment of the regular appraisers, appoint other appraisers to act in any given case. Vacancies occurring otherwise than by expiration of term shall be filled by appointment of the court. ~~No~~ A person interested in any manner in the estate to be appraised may shall not serve as an appraiser of ~~such~~ that estate.

Sec. 11. Section 450.27, Code 1983, is amended to read as follows:

450.27 COMMISSION TO APPRAISERS. When an appraisal of ~~any part of an~~ real estate is requested by the department of revenue, as provided in section ~~450.39~~ 450.37, or is otherwise required by this chapter, the clerk shall issue a commission to the appraisers, who shall fix a time and place for appraisement, except that if the only interest that is subject to tax is a remainder or deferred interest upon which the tax is not payable until the determination of a prior estate or interest for life or term of years, ~~he the~~ clerk shall not issue the commission until the determination of the prior estate, except at the request of the department of revenue when the parties in interest who desire seek to remove an inheritance tax lien.

Sec. 12. Section 450.30, Code 1983, is amended to read as follows:

450.30 REAL PROPERTY IN DIFFERENT COUNTIES. ~~When~~ If real property is located in more than one county, the appraisers of the county in which the estate is being administered may appraise ~~the whole all~~ real estate, or those of the several counties may serve for the real property within their respective counties or other appraisers be appointed as the district court may direct.

Sec. 13. Section 450.32, Code 1983, is amended to read as follows:

450.32 HEARING - ORDER. If upon ~~such~~ the hearing the court finds the amount at which the real property is appraised is its value on the market in the ordinary course of trade, and the appraisement was fairly and in good faith made, it shall approve ~~such the~~ appraisement; but if it. If the court finds that the appraisement was made at a greater or less lesser sum than the value of the real property in the ordinary course of trade, or that the same it was not fairly or in good faith made, it shall set aside the appraisement. Upon said the appraisement being set aside, the court shall fix the value of the real property of said the estate for inheritance tax purposes and the valuation so fixed shall be is that upon which the tax shall be paid, unless an appeal is taken from the order of said the court as hereinafter provided for in this chapter.

Sec. 14. Section 450.36, Code 1983, is amended to read as follows:

450.36 APPRAISAL OF OTHER PROPERTY. If there ~~be~~ is an estate or real property subject to ~~said~~ tax wherein and the records in the clerk's office do not disclose that there may be a tax due under the provisions of this chapter, the ~~person or~~ persons interested in the real property shall report the matter to the clerk department of revenue with an application a request that the real property be appraised.

Sec. 15. Section 450.37, Code 1983, is amended by striking the section and inserting in lieu thereof the following:

450.37 VALUE FOR COMPUTING THE TAX.

1. Unless the value has been determined under chapter 450B, the tax shall be computed based upon one of the following:

a. The fair market value of the property in the ordinary course of trade determined under subsection 2.

b. The alternate value of the property, if the personal representative so elects, that has been established for federal estate tax purposes under section 2032 of the Internal Revenue Code of 1954 as defined in section 422.4. The election shall be exercised on the return by the personal representative or other person signing the return, within the time prescribed by law for filing the return or before the expiration of any extension of time granted for filing the return.

2. Fair market value in the ordinary course of trade shall be established by agreement between the department of revenue, the personal representative, and the persons who have an interest in the property.

a. If an agreement has not been reached on the fair market value of real property in the ordinary course of trade, the director of revenue has thirty days after the return is filed to request an appraisal under section 450.27. If an appraisal request is not made within the thirty-day period, the value listed on the return is the agreed value of the real property.

b. If an agreement is not reached on the fair market value of personal property in the ordinary course of trade, the personal representative or any person interested in the personal property may appeal to the director of revenue for a revision of the department of revenue's determination of the value and after the appeal hearing may seek judicial review of the director's decision. The provisions of section 450.94, subsection 3, relating to appeal of a determination of the department and review of the director's decision apply to an appeal and review made under this subsection.

Sec. 16. Section 450.44, Code 1983, is amended to read as follows:

450.44 ~~REMAINDERS~~ — APPRAISEMENT VALUATION. When any a person, whose estate over and above the amount of that person's debts liabilities, as defined in this chapter, exceeds the sum of ten thousand dollars, ~~shall bequeath, devise bequeaths, devises, or otherwise transfer transfers~~ real property to or for the use of persons exempt from the tax imposed by this chapter, during life or for a term of years, and the remainder to persons not thus exempt, this property, upon the determination of the estate for life or years, shall be appraised valued at its then actual market value from which shall be deducted the value of any improvements on it, made by the person who owns the remainder interest during the time of the prior estate, to be ascertained and determined by the appraisers as provided in section 450.37, subsection 1, paragraph a, and the tax on the remainder shall be paid by the person who owns the remainder interest as provided in section 450.46.

Sec. 17. Section 450.45, Code 1983, is amended to read as follows:

450.45 ~~LIFE AND TERM ESTATES~~ — APPRAISEMENT VALUATION. ~~Subject to section 450.39 when~~ When an estate or interest for life or term of years in real property is given to a party other than those especially exempt by this chapter, ~~the clerk shall cause the property to be appraised at the actual market value, shall be valued as provided in section 450.37 as is provided in ordinary cases, and the party entitled to the estate or interest shall, within nine months from the death of decedent owner, pay the tax, and in default the court shall order the estate or interest, or so as much as necessary to pay the tax, penalty, and interest, to be sold.~~

Sec. 18. Section 450.46, Code 1983, is amended to read as follows:

450.46 ~~DEFERRED ESTATE~~ — APPRAISEMENT VALUATION. Upon the determination of any prior estate or interest, when the remainder or deferred estate or interest or any part of it is subject to tax and the tax upon the remainder or deferred interest has not been paid, the persons entitled to the remainder or deferred interest shall immediately report to the clerk of the proper court department of revenue the fact of the determination of the prior estate, and upon receipt of the report, or upon information from any source, of the determination of any prior estate when the remainder interest has not been appraised valued for the purpose of assessing tax, ~~the clerk shall forthwith issue a commission to the inheritance tax appraisers, who shall immediately proceed to appraise the property shall be valued as provided in like cases in section 450.44 and the tax upon the remainder interest shall be paid by the person who owns the remainder interest within nine months after the determination of the prior estate. If the tax is not paid within this time the court shall then order the property, or so as much thereof as may be necessary to pay the tax, penalty, and interest, to be sold.~~

Sec. 19. Section 450.47, Code 1983, is amended to read as follows:

450.47 LIFE AND TERM ESTATES IN PERSONAL PROPERTY. ~~Subject to section 450.39, when~~ When an estate or interest for life or term of years in personal property is given to one or more persons other than those especially exempt by this chapter and the remainder or deferred estate to others, ~~the clerk shall cause the property devised or conveyed to be appraised shall be valued under section 450.37~~ as provided in ordinary estates and the value of the ~~several~~ estates or interests devised or conveyed shall be determined as provided in section 450.51, and the tax upon the estates or interests liable for the tax shall be paid to the department of revenue from the property ~~appraised~~ valued or by the persons entitled to the estate or interest within nine months from the death of the testator, grantor, or donor; ~~provided, that.~~ However, payment of the tax upon any deferred estate or remainder interest may be deferred until the determination of the prior estate by the giving of a good and sufficient bond as provided in section 450.48.

Sec. 20. Section 450.51, Code 1983, is amended to read as follows:

450.51 ANNUITIES—LIFE AND TERM ESTATES. The value of any annuity, deferred estate, or interest, or any estate for life or term of years, subject to inheritance tax shall be determined for the purpose of computing ~~said the~~ tax by the use of current, commonly used tables of mortality and actuarial principles pursuant to regulations prescribed by the director of revenue. The taxable value of annuities, life or term, deferred, or future estates, shall be computed at the rate of four percent per annum of the ~~appraised~~ established value of the property in which ~~such the~~ estate or interest exists or is founded.

Sec. 21. Section 450.53, Code 1983, is amended to read as follows:

450.53 DUTY OF FIDUCIARIES PERSONAL REPRESENTATIVES TO PAY TAX. ~~It is the duty of all fiduciaries~~ All personal representatives, except guardians and conservators, ~~or and~~ other persons charged with the management or settlement of any estate or trust from which a tax is due under this chapter, ~~to shall file a final an~~ shall file a final an inheritance tax return with a copy of any federal estate tax return and other documents required by the director which may reasonably tend to prove the amount of tax due, and shall pay to the department of revenue the amount of the tax due from any devisee, grantee, donee, heir, or beneficiary of the decedent, except in cases where payment of the tax is deferred until the determination of a prior estate, in which cases the owner of the future interest shall file a supplemental ~~final~~ inheritance tax return and pay to the department of revenue the tax due. The ~~final~~ inheritance tax returns shall be in the form prescribed by the director.

Sec. 22. Section 450.54, Code 1983, is amended to read as follows:

450.54 SALE TO PAY TAX. ~~Executors, administrators, trustees,~~ Personal representatives or the director of revenue, ~~shall have power to may sell so~~ as much of the property of the decedent as will enable them to pay ~~said the~~ tax, in the same manner as is ~~now~~ provided by law for the sale of ~~such that~~ property for the payment of debts of testators or intestates.

Sec. 23. Section 450.55, Code 1983, is amended to read as follows:

450.55 ACTION MEANS TO COLLECT TAX. The Sections 422.26 and 422.30, pertaining to the lien except the requirements of recording, collection of tax, jeopardy assessments, and distress warrants, apply to the unpaid tax, penalty, and interest imposed under this chapter. In addition the director of revenue may bring, or cause to be brought in the director's name of office, suit, for the collection of ~~said the~~ tax, penalty, interest, and costs, against the ~~executor, administrator, or trustee,~~ personal representative or against the person entitled to property subject to ~~said the~~ tax, or upon any bond given to secure payment ~~thereof of the tax,~~ either jointly or severally, and obtaining judgment may cause execution to be issued ~~thereon~~ as is provided by statute in other cases. The proceedings shall conform as nearly as may be to those for the collection of ordinary debt by suit.

Sec. 24. Section 450.57, Code 1983, is amended to read as follows:

450.57 TAX DEDUCTED FROM LEGACY OR COLLECTED. Every ~~executor, administrator, personal representative or referee, or trustee~~ having in charge or trust any property of an estate subject to said tax, and which is made payable by ~~him~~ the personal representative or referee, shall deduct the tax ~~therefrom from the property~~ or shall collect the tax ~~thereon~~ from the legatee or person entitled to ~~said the property~~ and pay the ~~same tax~~ to the department of revenue, and ~~he~~ the personal representative or referee shall not deliver any specific legacy or property subject to said tax to any person until ~~he~~ the personal representative or referee has collected the tax thereon.

Sec. 25. Section 450.58, Code 1983, is amended to read as follows:

450.58 FINAL SETTLEMENT TO SHOW PAYMENT. ~~No~~ The final settlement of the account of any ~~executor, administrator, or trustee~~ a personal representative shall ~~not~~ be accepted or allowed unless it shall ~~show shows~~, and the court shall ~~find finds~~, that all taxes imposed by the ~~provisions~~ of this chapter upon any property or interest ~~therein, in property~~ that is hereby made payable by ~~such executors, administrators, or trustees, the personal representative~~ and to be settled by ~~said the account, shall have has been paid~~, and that the receipt of the department of revenue for ~~such the tax shall have been filed with the clerk showing such payment has been obtained as provided in section 450.64~~. Any order contravening the provision of this section shall be ~~is~~ void. Upon the filing of such receipt showing payment of the tax, the clerk shall record the same upon the inheritance tax lien book in his office.

Sec. 26. Section 450.61, Code 1983, is amended to read as follows:

450.61 BEQUESTS TO EXECUTORS OR TRUSTEES PERSONAL REPRESENTATIVES. ~~Whenever~~ If a decedent appoints one or more ~~executors or trustees~~ personal representatives and, in lieu of their allowance or commission, makes a bequest or devise of property to them which would otherwise be liable to said tax, or appoints them his residuary legatees, and ~~said the bequests, devises, or residuary legacies exceed the statutory fees as compensation for their services, such the excess shall be is~~ liable to such tax.

Sec. 27. Section 450.62, Code 1983, is amended to read as follows:

450.62 LEGACIES CHARGED UPON REAL ESTATE. ~~Whenever~~ any If legacies subject to said tax are charged upon or payable out of any real estate, the heir or devisee, before paying the ~~same tax~~, shall deduct ~~said the tax therefrom from it~~ and pay it to the ~~executor, administrator, trustee, personal representative~~ or department of revenue, and the ~~same tax~~ shall remain a charge against and be a lien upon ~~said the real estate until it is paid; and payment thereof. Payment of the tax shall be enforced by the executor, administrator, trustee, personal representative or director of revenue as herein provided in this chapter.~~

Sec. 28. Section 450.64, Code 1983, is amended to read as follows:

450.64 CLERK FURNISHED RECEIPT SHOWING PAYMENT. Upon payment of ~~such the tax in full~~ the department of revenue shall forthwith transmit a ~~duplicate receipt, to the clerk of the court of the county in which the estate is being settled, to the person designated by the taxpayer signing the return showing the payment of such the tax. If the tax is not paid in full, a taxpayer whose tax liability is paid in full may request a receipt as to that taxpayer's share of the tax.~~

Sec. 29. Section 450.71, Code 1983, is amended to read as follows:

450.71 PROOF OF AMOUNT OF TAX DUE. Before issuing a receipt for the tax, the director of revenue may demand from ~~administrators, executors, trustees, personal representatives~~ or beneficiaries ~~such information as may be necessary to verify the correctness of the amount of the tax and interest, and when such this demand is made they shall send to the director of revenue certified copies of wills, deeds, or other papers, or of such those parts of their reports as the director may demand, and upon the refusal or neglect of said the parties to~~

comply with the demand of the director, it is the duty of the clerk of the court to shall comply with such the demand, and the expenses of making such copies and transcripts shall be charged against the estate, as are other costs in probate, or the tax may be assessed without deducting debts liabilities for which the estate may be is liable.

Sec. 30. Section 450.86, Code 1983, is amended to read as follows:

450.86 SECURITIES AND ASSETS HELD BY BANK, ETC. No A safe deposit company, trust company, bank, or other institution, or person or persons holding securities or assets, exclusive of life insurance policies payable to named beneficiaries, which securities or other assets are located in a safety deposit box or other security enclosure of the decedent, after receiving knowledge of the death shall not deliver or transfer the same them to the transferee, joint owner, or beneficiary of the decedent unless the tax for which the securities or assets are liable under this chapter is first paid, or the payment thereof is secured by bond as herein provided in this chapter. However, all the contents shall be reported in writing to the department of revenue, and thereafter may be delivered to the executor, administrator, or legal personal representative. It is lawful for and the duty of the The director of revenue, personally, or by any person by him duly authorized by the director, to shall examine the securities or assets at the time of any a proposed delivery or transfer. Failure to give written notice of the contents of the safety deposit box or other security enclosure to the department of revenue at the time of or prior to the delivery of the securities or assets to the executor, administrator, or legal personal representative or transferee, joint owner, or beneficiary shall render renders the safe deposit company, trust company, bank, or other institution, or person or persons liable for the payment of the tax upon the securities or assets as provided in this chapter.

Sec. 31. Section 450.87, Code 1983, is amended to read as follows:

450.87 TRANSFER OF CORPORATION STOCK. If a foreign executor, administrator, or trustee shall assign or transfer personal representative assigns or transfers any corporate stock or obligations in this state standing in the name of a decedent, or in trust for a decedent, liable to such tax, the tax shall be paid to the department of revenue on or before the transfer thereof; otherwise the corporation permitting its stock to be so transferred shall be is liable to pay such the tax, interest, and costs, and it is the duty of the director of revenue to shall enforce the payment thereof of the tax, interest, and costs.

Sec. 32. Section 450.88, Code 1983, is amended to read as follows:

450.88 CORPORATIONS TO REPORT TRANSFERS. Every Iowa corporation organized for pecuniary profit shall, on July 1 of each year, by its proper officers under oath, make a full and correct report to the director of revenue of all transfers of its stocks made during the preceding year by any person who appears on the books of such the corporation as the owner of such the stock, when such the transfer is made to take effect at or after the death of the owner or transferor, and all transfers which are made by an administrator, executor, trustee, a personal representative, referee, or any person other than the owner or person in whose name the stocks appeared of record on the books of such the corporation, prior to the transfer thereof. Such This report shall show the name of the owner of such the stocks and his the owner's place of residence, the name of the person at whose request the stock was transferred, his the person's place of residence and the authority by virtue of which he the person acted in making such the transfer, the name of the person to whom the transfer was made, and the residence of such the person, together with such other information as the officers reporting may have relating to estates of persons deceased who may have been owners of stock in such the corporation. If it appears that any such stock so transferred is subject to tax under the provisions of this chapter, and the tax has not been paid, the director of revenue shall notify the corporation in writing of its liability for the payment thereof of the tax, and shall bring suit against such the corporation as in other cases herein provided unless payment of the tax is made within sixty days from the date of such notice.

The provisions of this ~~This section shall~~ does not apply if the lien has been released under the provisions of section 450.7 or the director has issued a consent to transfer.

Sec. 33. Section 450.90, Code 1983, is amended to read as follows:

450.90 PROPERTY IN THIS STATE BELONGING TO FOREIGN ESTATE. ~~Whenever~~ When property, real or personal, within this state belongs to a foreign estate and ~~said~~ the foreign estate passes in part exempt from the tax imposed by this chapter and in part subject to ~~said~~ the tax and there is ~~no~~ not a specific devise of the property within this state to exempt persons or if it is within the authority or discretion of the foreign ~~executor, administrator, or trustee~~ personal representative administering the estate to dispose of the property not specifically devised to exempt persons in the payment of ~~debts~~ liabilities owing by the decedent at the time of his death, or in the satisfaction of legacies, devises, or trusts given to direct or collateral legatees or devisees or in payment of the distributive shares of any direct and collateral heirs, then the property within the jurisdiction of this state belonging to ~~such~~ the foreign estate ~~shall be~~ is subject to the tax imposed by this chapter, and the tax due ~~thereon~~ shall be assessed as provided in section ~~450.89~~ 450.12, subsection 2, relating to the deduction of the proportionate share of ~~indebtedness; provided, however, that~~ liabilities. However, if the value of the property so situated exceeds the total amount of the estate passing to other persons than those exempt ~~hereby~~ from the tax imposed by this chapter, ~~such~~ the excess ~~shall be~~ is not be subject to said tax.

Sec. 34. Section 450.94, subsection 2, Code 1983, is amended to read as follows:

2. The taxpayer shall file a ~~final~~ an inheritance tax return on forms to be prescribed by the director of revenue. When a ~~final~~ an inheritance tax return is filed, the department shall examine it and determine the correct amount of tax. If the amount paid is less than the correct amount due, the department shall notify the taxpayer of the total amount due together with any penalty and interest ~~thereon,~~ which shall be a sum certain if paid on or before the last day of the month in which the notice is postmarked, or on or before the last day of the following month if the notice is postmarked after the twentieth day of a month and before the first day of the following month.

Sec. 35. Section 450.96, Code 1983, is amended to read as follows:

450.96 CONTINGENT ESTATES. Estates in expectancy which are contingent or defeasible and in which proceedings for the determination of the tax have not been taken or where the taxation thereof has been held in abeyance, shall be ~~appraised~~ valued at their full, undiminished value when the persons entitled ~~thereto~~ to the estates come into the beneficial enjoyment or possession ~~thereof~~ of the estates, without diminution for or on account of any valuation ~~theretofore~~ made of the particular estates for purposes of taxation, upon ~~which said estates in expectancy may have been limited~~ previously made. When an estate, devise, or legacy can be divested by the act or omission of the legatee or devisee, it shall be taxed as if there were no possibility of ~~such~~ the divesting. When a devise, bequest, or transfer is one in part contingent, and in part vested so that the beneficiary will come into possession and enjoyment of a portion of ~~his~~ the inheritance on or before the happening of the event upon which the possible defeating contingency is based, a tax shall be imposed and collected upon ~~such~~ the bequest or transfer as upon a vested interest, at the highest rate possible under the terms of this chapter if no ~~such~~ contingency existed; provided that in the event ~~such~~ if the contingency reduces the value of the estate or interest ~~so~~ taxed, and the amount of tax ~~so~~ paid is in excess of the tax for which ~~such~~ the bequest or transfer is liable upon the removal of ~~such~~ the contingency, ~~such~~ the excess shall be refunded as is provided in sections 450.94 and 450.95 in other cases.

Sec. 36. Section 633.361, unnumbered paragraph 2, Code 1983, is amended by striking the unnumbered paragraph.

Sec. 37. Sections 450.13, 450.14, 450.15, 450.18, 450.19, 450.38, 450.39, 450.56, 450.72, 450.73, and 450.89, Code 1983, are repealed.

Sec. 38. This Act, except for section 23, applies to the estates of persons dying on or after its effective date.

Sec. 39. Section 23 of this Act applies to taxes, penalties, and interest still owing on the effective date of this Act and to taxes, penalties, and interest becoming due on or after that effective date.

Approved June 6, 1983

CHAPTER 178

PROPERTY TAX FILING BY CERTAIN NONPROFIT ORGANIZATIONS

H.F. 640

AN ACT providing for the filing of a claim for a property tax exemption by certain nonprofit organizations only once without refiling a claim in subsequent years so long as the ownership of the property or use of the property remains unchanged, subject to a penalty provided by law.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 427.1, subsection 23, Code 1983, is amended to read as follows:

23. STATEMENT OF OBJECTS AND USES FILED. ~~Every~~ A society or organization claiming an exemption under the provisions of either subsection 6 or subsection 9 of this section shall file with the assessor not later than February 1 of the year for which such exemption is requested, a statement upon forms to be prescribed by director of revenue, describing the nature of the property upon which ~~such~~ the exemption is claimed and setting out in detail any uses and income from ~~such~~ the property derived from ~~such~~ the rentals, leases or other uses of ~~such~~ the property not solely for the appropriate objects of ~~such~~ the society or organization. Upon the filing and allowance of the claim, the claim shall be allowed on the property for successive years without further filing as long as the property is used for the purposes specified in the original claim for exemption. When the property is sold or transferred, the county recorder shall provide notice of the transfer to the assessor. The notice shall describe the property transferred and the name of the person to whom title to the property is transferred. The assessor, in arriving at the valuation of any property of ~~such~~ the society or organization, shall take into consideration any uses of the property not for the appropriate objects of the organization and shall assess in the same manner as other property, all or any portion of the property involved which is leased, let or rented and is used regularly for commercial purposes for a profit to any a party or individual. ~~In any case where~~ If a portion of the property is used regularly for commercial purposes ~~no~~ an exemption shall not be allowed upon property so used and the exemption granted shall be in the proportion of the value of the property used solely for the appropriate objects of the organization, to the entire value of the property. ~~No~~ An exemption shall not be granted upon any property upon or in which persistent