

JAN 24 2001
WAYS AND MEANS

HOUSE FILE 87
BY SHOULTZ

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

A BILL FOR

1 An Act exempting property passing to a stepgrandchild from the
2 state inheritance tax and including an applicability date
3 provision.

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

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1 Section 1. Section 450.7, subsection 1, unnumbered
2 paragraph 1, Code 2001, is amended to read as follows:

3 Except for the share of the estate passing to the surviving
4 spouse, and parents, grandparents, great-grandparents, and
5 other lineal ascendants, children including legally adopted
6 children and biological children entitled to inherit under the
7 laws of this state, stepchildren, and grandchildren,
8 stepgrandchildren, great-grandchildren, and other lineal
9 descendants, the tax is a charge against and a lien upon the
10 estate subject to tax under this chapter, and all property of
11 the estate or owned by the decedent from the death of the
12 decedent until paid, subject to the following limitation:

13 Sec. 2. Section 450.9, Code 2001, is amended to read as
14 follows:

15 450.9 INDIVIDUAL EXEMPTIONS.

16 In computing the tax on the net estate, the entire amount
17 of property, interest in property, and income passing to the
18 surviving spouse, and parents, grandparents, great-
19 grandparents, and other lineal ascendants, children including
20 legally adopted children and biological children entitled to
21 inherit under the laws of this state, stepchildren, and
22 grandchildren, stepgrandchildren, great-grandchildren, and
23 other lineal descendants are exempt from tax. For purposes of
24 this chapter, "stepgrandchild" means the stepchild of a child
25 of the decedent.

26 Sec. 3. Section 450.10, subsection 6, Code 2001, is
27 amended to read as follows:

28 6. Property, interest in property, or income passing to
29 the surviving spouse, and parents, grandparents, great-
30 grandparents, and other lineal ascendants, children including
31 legally adopted children and biological children entitled to
32 inherit under the laws of this state, stepchildren, and
33 grandchildren, stepgrandchildren, great-grandchildren, and
34 other lineal descendants, is not taxable under this section.

35 Sec. 4. APPLICABILITY DATE. This Act applies to estates

1 of decedents dying on or after July 1, 2001.

2 EXPLANATION

3 This bill exempts from the inheritance tax property passing
4 to a stepgrandchild. Current law provides such exemption for
5 children, stepchildren, and grandchildren. A stepgrandchild
6 is a stepchild of the decedent's child.

7 The bill applies to estates of decedents dying on or after
8 July 1, 2001.

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