

Kettering, Ch.  
Johnson  
Seng

HSB 517

COMMERCE AND REGULATION

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE AND REGULATION BILL  
BY CHAIRPERSON HANSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the transfer of certain deposit and investment  
2 accounts upon the death of the decedent.

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

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H.S.B. 517

1 Section 1. Section 524.805, subsection 8, Code 2001, is  
2 amended to read as follows:

3 8. A state bank may receive deposits from one or more  
4 persons with the provision that upon the death of the  
5 depositors the deposit account shall be the property of the  
6 person or persons designated by the deceased depositors as  
7 shown on the deposit account records of the state bank. The  
8 account is subject to the debts of the deceased depositors and  
9 the payment of Iowa inheritance tax provided, ~~that upon the~~  
10 ~~expiration of six months after the date of death of the~~  
11 ~~deceased depositors,~~ the receipt or acquittance of the persons  
12 designated is a valid and sufficient release and discharge of  
13 the state bank for the delivery of any part or all of the  
14 account.

15 Sec. 2. Section 633.801, subsection 7, Code 2001, is  
16 amended to read as follows:

17 7. "Security account" means either any of the following:

18 a. Any of the following:

19 (1) A reinvestment account associated with a security.

20 (2) A securities account with a broker.

21 (3) A cash balance in a brokerage account.

22 (4) Cash, interest, earnings, or dividends earned or  
23 declared on a security in an account, a reinvestment account,  
24 or a brokerage account, whether or not credited to the account  
25 before the owner's death.

26 b. A cash balance or other property held for or due to the  
27 owner of a security as a replacement for or product of an  
28 account security, whether or not credited to the account  
29 before the owner's death.

30 c. An investment management or custody account with a  
31 bank, trust company, or a trust division of a bank with trust  
32 powers, including the securities in the account, cash balance  
33 in the account, cash, cash equivalents, interest, earnings,  
34 and dividends earned or declared on a security in the account  
35 whether or not credited to the account before the owner's

1 death. For purposes of this paragraph, "bank" means an entity  
2 as defined in section 12C.1.

3 EXPLANATION

4 This bill makes changes to two Code provisions regarding  
5 deposit and investment accounts.

6 The bill amends language in Code section 524.805 currently  
7 providing that the deposit account is subject to the debts of  
8 the deceased depositor and Iowa inheritance tax only after six  
9 months following the death of the depositor. The bill removes  
10 the time period requirement, and provides that the account is  
11 subject to the payment of the decedent's debts and inheritance  
12 tax upon a valid release of the bank, for delivery of all or  
13 part of the account, by the persons designated to receive the  
14 account from the state bank.

15 The bill also adds a new paragraph to a subsection in Code  
16 section 633.801, which defines "security account". The  
17 section is part of Iowa's probate Code, and, according to Code  
18 section 633.800, part of the uniform transfer on death  
19 security registration Act. The new paragraph provides an  
20 additional definition for "security account", an investment  
21 management or custody account with a bank, trust company, or  
22 trust division of a bank with trust powers containing certain  
23 items. The effect of adding such bank and trust accounts to  
24 Code section 633.801 is to make them eligible for registration  
25 in beneficiary form, so that the items in the account pass to  
26 the beneficiary at the owner's death, pursuant to the terms of  
27 Code sections 633.800 through 633.811.

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Substituted for by SF 2134

2/13/02 FEB 3 2002

(P. 330) Place On Calendar

HOUSE FILE 2208

BY COMMITTEE ON COMMERCE  
AND REGULATION

**WITHDRAWN**

2/13/02 (SUCCESSOR TO HSB 517)  
(P. 332)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the transfer of certain deposit and investment  
2 accounts upon the death of the decedent.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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HF 2208

1 Section 1. Section 524.805, subsection 8, Code 2001, is  
2 amended to read as follows:

3 8. A state bank may receive deposits from one or more  
4 persons with the provision that upon the death of the  
5 depositors the deposit account shall be the property of the  
6 person or persons designated by the deceased depositors as  
7 shown on the deposit account records of the state bank. The  
8 ~~account is subject to the debts of the deceased depositors and~~  
9 ~~the payment of Iowa inheritance tax provided that upon the~~  
10 ~~expiration of six months after the date of death of the~~  
11 ~~deceased depositors, the receipt or acquittance of the persons~~  
12 ~~designated is a valid and sufficient release and discharge of~~  
13 ~~the state bank for the delivery of any part or all of the~~  
14 ~~account.~~ A state bank paying the deposit account proceeds to  
15 the person or persons designated by the deceased depositors  
16 shall not be liable as a result of that action for any debts  
17 of the decedent or for any estate, inheritance, or succession  
18 taxes which may be due the state. After such payment by the  
19 state bank to the person or persons designated by the deceased  
20 depositors, the proceeds shall remain subject to the debts of  
21 the decedent and the payment of Iowa inheritance tax, if any.

22 Sec. 2. Section 633.801, subsection 7, Code 2001, is  
23 amended to read as follows:

24 7. "Security account" means either any of the following:

25 a. Any of the following:

26 (1) A reinvestment account associated with a security.

27 (2) A securities account with a broker.

28 (3) A cash balance in a brokerage account.

29 (4) Cash, interest, earnings, or dividends earned or  
30 declared on a security in an account, a reinvestment account,  
31 or a brokerage account, whether or not credited to the account  
32 before the owner's death.

33 b. A cash balance or other property held for or due to the  
34 owner of a security as a replacement for or product of an  
35 account security, whether or not credited to the account

1 before the owner's death.

2 c. An investment management or custody account with a  
3 bank, trust company, or a trust division of a bank with trust  
4 powers, including the securities in the account, cash balance  
5 in the account, cash, cash equivalents, interest, earnings,  
6 and dividends earned or declared on a security in the account  
7 whether or not credited to the account before the owner's  
8 death. For purposes of this paragraph, "bank" means an entity  
9 as defined in section 12C.1.

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EXPLANATION

11 This bill makes changes to two Code provisions regarding  
12 deposit and investment accounts.

13 The bill amends language in Code section 524.805 that  
14 currently provides that the deposit account is subject to the  
15 debts of the deceased depositor and Iowa inheritance tax only,  
16 and can be released only after six months following the death  
17 of the depositor. The bill removes the six-month time period,  
18 and provides that state bank paying the deposit account  
19 proceeds to persons designated by the deceased depositor is  
20 not liable for the debts of the decedent, or for any  
21 inheritance taxes. The bill also provides that the deposit  
22 account proceeds are subject to the payment of the decedent's  
23 debts and inheritance tax after such payment by the state  
24 bank.

25 The bill also adds a new paragraph to a subsection in Code  
26 section 633.801, which defines "security account". The  
27 section is part of Iowa's probate code, and, according to Code  
28 section 633.800, part of the uniform transfer on death  
29 security registration Act. The new paragraph provides an  
30 additional definition for "security account", an investment  
31 management or custody account with a bank, trust company, or  
32 trust division of a bank with trust powers containing certain  
33 items. The effect of adding such bank and trust accounts to  
34 Code section 633.801 is to make them eligible for registration  
35 in beneficiary form, so that the items in the account pass to

1 the beneficiary at the owner's death, pursuant to the terms of  
2 Code sections 633.800 through 633.811.

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HOUSE FILE 2208

H-8035

1 Amend House File 2208 as follows:

2 1. Page 1, by striking lines 3 through 21 and  
3 inserting the following:

4 "8. A state bank may receive deposits from one or  
5 more persons with the provision that upon the death of  
6 the depositors the deposit account shall be the  
7 property of the person or persons designated by the  
8 deceased depositors as shown on the deposit account  
9 records of the state bank. ~~The account is subject to  
10 the debts of the deceased depositors and the payment  
11 of Iowa inheritance tax provided, that upon the  
12 expiration of six months after the date of death of  
13 the deceased depositors, the receipt or acquittance of  
14 the persons designated is a valid and sufficient  
15 release and discharge of the state bank for the  
16 delivery of any part or all of the account After  
17 payment by the state bank, the proceeds shall remain  
18 subject to the debts of the decedent and the payment  
19 of Iowa inheritance tax, if any. A state bank paying  
20 the person or persons designated shall not be liable  
21 as a result of that action for any debts of the  
22 decedent or for any estate, inheritance, or succession  
23 taxes which may be due this state."~~

By KETTERING of Sac

H-8035 FILED FEBRUARY 6, 2002

*Adopted*  
*2/13/02 (p. 330)*

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