

Miller
Maddox
Holbeck

SSB - 1260
Ways & Means

Succeeded By
SENATE FILE (SF) / HF 523
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL
BY CHAIRPERSON MCKIBBEN)

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

A BILL FOR

1 An Act relating to the size of an estate that may be distributed
2 by affidavit, making related inheritance tax changes, and
3 providing for the Act's applicability.

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

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1 Section 1. Section 450.4, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. When the entire estate of the decedent does not exceed
4 the sum of ~~ten~~ twenty-five thousand dollars after deducting
5 the liabilities, as defined in this chapter.

6 Sec. 2. Section 450.44, Code 2001, is amended to read as
7 follows:

8 450.44 REMAINDERS -- VALUATION.

9 When a person whose estate over and above the amount of
10 that person's liabilities, as defined in this chapter, exceeds
11 the sum of ~~ten~~ twenty-five thousand dollars, bequeaths,
12 devises, or otherwise transfers real property to or for the
13 use of persons exempt from the tax imposed by this chapter,
14 during life or for a term of years and the remainder to
15 persons not thus exempt, this property, upon the determination
16 of the estate for life or years, shall be valued at its then
17 actual market value from which shall be deducted the value of
18 any improvements on it made by the person who owns the
19 remainder interest during the time of the prior estate, to be
20 determined as provided in section 450.37, subsection 1,
21 paragraph "a", and the tax on the remainder shall be paid by
22 the person who owns the remainder interest as provided in
23 section 450.46.

24 Sec. 3. Section 633.356, subsection 1, unnumbered
25 paragraph 1, Code 2001, is amended to read as follows:

26 When the gross value of the decedent's personal property
27 does not exceed ~~ten~~ twenty-five thousand dollars and there is
28 no real property or the real property passes to ~~a-surviving~~
29 spouse persons exempt from inheritance tax pursuant to section
30 450.9 as joint ~~tenant~~ tenants with right of survivorship, and
31 if forty days have elapsed since the death of the decedent,
32 the successor of the decedent as defined in subsection 2 may,
33 by filing an affidavit prepared pursuant to subsection 3, and
34 without procuring letters of appointment, do any of the
35 following with respect to one or more particular items of

1 personal property:

2 Sec. 4. Section 633.356, subsection 3, paragraph c, Code
3 2001, is amended to read as follows:

4 c. That the gross value of the decedent's personal
5 property does not exceed ~~ten~~ twenty-five thousand dollars and
6 there is no real property or the real property passes to a
7 surviving-spouse persons exempt from inheritance tax pursuant
8 to section 450.9 as joint ~~tenant~~ tenants with right of
9 survivorship.

10 Sec. 5. APPLICABILITY. This Act applies to estates of
11 decedents dying on or after July 1, 2001.

12 EXPLANATION

13 This bill amends Code section 633.356 to provide for
14 distribution of an estate by affidavit, rather than probate,
15 in cases where the value of the estate does not exceed
16 \$25,000, rather than the current limit of \$10,000.

17 The bill also makes corresponding amendments to Code
18 sections 450.4 and 450.44, increasing the value of a
19 decedent's estate that is exempt from inheritance taxation
20 from \$10,000 to \$25,000.

21 The bill also contains an applicability provision.

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H. 4/19/01 W. & Means
H. 5/1/01 Doose

FILED APR 16 '01

SENATE FILE 523
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1260)

Passed Senate, ^(p. 1197) Date 4-19-01 Passed House, Date 5/4/01 (p. 1862)
Vote: Ayes 46 Nays 0 Vote: Ayes 87 Nays 0
Approved 5/16/01

A BILL FOR

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SF 523

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5 the liabilities, as defined in this chapter.

6 Sec. 2. Section 450.44, Code 2001, is amended to read as
7 follows:

8 450.44 REMAINDERS -- VALUATION.

9 When a person whose estate over and above the amount of
10 that person's liabilities, as defined in this chapter, exceeds
11 the sum of ten twenty-five thousand dollars, bequeaths,
12 devises, or otherwise transfers real property to or for the
13 use of persons exempt from the tax imposed by this chapter,
14 during life or for a term of years and the remainder to
15 persons not thus exempt, this property, upon the determination
16 of the estate for life or years, shall be valued at its then
17 actual market value from which shall be deducted the value of
18 any improvements on it made by the person who owns the
19 remainder interest during the time of the prior estate, to be
20 determined as provided in section 450.37, subsection 1,
21 paragraph "a", and the tax on the remainder shall be paid by
22 the person who owns the remainder interest as provided in
23 section 450.46.

24 Sec. 3. Section 633.356, subsection 1, unnumbered
25 paragraph 1, Code 2001, is amended to read as follows:

26 When the gross value of the decedent's personal property
27 does not exceed ten twenty-five thousand dollars and there is
28 no real property or the real property passes to ~~a surviving~~
29 spouse persons exempt from inheritance tax pursuant to section
30 450.9 as joint tenant tenants with right of survivorship, and
31 if forty days have elapsed since the death of the decedent,
32 the successor of the decedent as defined in subsection 2 may,
33 by filing an affidavit prepared pursuant to subsection 3, and
34 without procuring letters of appointment, do any of the
35 following with respect to one or more particular items of

1 personal property:

2 Sec. 4. Section 633.356, subsection 3, paragraph c, Code
3 2001, is amended to read as follows:

4 c. That the gross value of the decedent's personal
5 property does not exceed ~~ten~~ twenty-five thousand dollars and
6 there is no real property or the real property passes to a
7 surviving-spouse persons exempt from inheritance tax pursuant
8 to section 450.9 as joint tenant tenants with right of
9 survivorship.

10 Sec. 5. APPLICABILITY. This Act applies to estates of
11 decedents dying on or after July 1, 2001.

12 EXPLANATION

13 This bill amends Code section 633.356 to provide for
14 distribution of an estate by affidavit, rather than probate,
15 in cases where the value of the estate does not exceed
16 \$25,000, rather than the current limit of \$10,000.

17 The bill also makes corresponding amendments to Code
18 sections 450.4 and 450.44, increasing the value of a
19 decedent's estate that is exempt from inheritance taxation
20 from \$10,000 to \$25,000.

21 The bill also contains an applicability provision.

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**SENATE FILE 523
FISCAL NOTE**

A fiscal note for **Senate File 523** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 523 provides for distribution of an estate by affidavit, rather than probate, in cases where the value of the estate does not exceed \$25,000, rather than the current limit of \$10,000. Also, the Bill increases the value of a decedent's estate below which no inheritance tax liability is incurred from \$10,000 to \$25,000.

ASSUMPTIONS

1. Increasing the inheritance tax threshold from \$10,000 to \$25,000 will eliminate the filing obligation for 280 estates.
2. The proposed change in the filing threshold applies to the estates of decedents dying on or after July 1, 2001.
3. Inheritance tax payments are due nine months following the death of the decedent.

FISCAL IMPACT

Senate File 523 will result in a decrease in General Fund receipts during FY 2002 equal to \$60,000 and during FY 2003 equal to \$240,000.

SOURCE

Iowa Department of Revenue and Finance

(LSB 3594SV, JWR)

FILED APRIL 26, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 523

AN ACT

RELATING TO THE SIZE OF AN ESTATE THAT MAY BE DISTRIBUTED BY
AFFIDAVIT, MAKING RELATED INHERITANCE TAX CHANGES, AND
PROVIDING FOR THE ACT'S APPLICABILITY.

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

Section 1. Section 450.4, subsection 1, Code 2001, is amended to read as follows:

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

Sec. 2. Section 450.44, Code 2001, is amended to read as follows:

450.44 REMAINDERS -- VALUATION.

When a person whose estate over and above the amount of that person's liabilities, as defined in this chapter, exceeds the sum of ten twenty-five thousand dollars, bequeaths, devises, or otherwise 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 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 determined 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. 3. Section 633.356, subsection 1, unnumbered paragraph 1, Code 2001, is amended to read as follows:

When the gross value of the decedent's personal property does not exceed ten twenty-five thousand dollars and there is no real property or the real property passes to a surviving spouse persons exempt from inheritance tax pursuant to section 450.9 as joint tenant tenants with right of survivorship, and if forty days have elapsed since the death of the decedent, the successor of the decedent as defined in subsection 2 may, by filing an affidavit prepared pursuant to subsection 3, and without procuring letters of appointment, do any of the following with respect to one or more particular items of personal property:

Sec. 4. Section 633.356, subsection 3, paragraph c, Code 2001, is amended to read as follows:

c. That the gross value of the decedent's personal property does not exceed ten twenty-five thousand dollars and there is no real property or the real property passes to a surviving-spouse persons exempt from inheritance tax pursuant to section 450.9 as joint tenant tenants with right of survivorship.

Sec. 5. APPLICABILITY. This Act applies to estates of decedents dying on or after July 1, 2001.

MARY E. KRAMER
President of the Senate

BRENT SIEGRIST
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 523, Seventy-ninth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved 5/16/01, 2001

THOMAS J. VILSACK
Governor