

HOUSE BILL REPORT

SB 6139

As Passed House:
February 29, 2000

Title: An act relating to estate tax apportionment.

Brief Description: Modifying estate tax apportionment.

Sponsors: Senators Johnson, Heavey and Gardner.

Brief History:

Committee Activity:

Judiciary: 2/22/00, 2/25/00 [DP].

Floor Activity:

Passed House: 2/29/00, 97-0.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">· Updates the state's estate tax apportionment statute to reflect changes in the federal tax code.
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HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass. Signed by 12 members: Representatives Carrell, Republican Co-Chair; Constantine, Democratic Co-Chair; Hurst, Democratic Vice Chair; Lambert, Republican Vice Chair; Cox; Dickerson; Esser; Kastama; Lantz; Lovick; McDonald and Schindler.

Staff: Bill Perry (786-7123).

Background:

The Washington estate tax apportionment statute provides for dividing state and federal estate taxes among those with an interest in the estate. Taxes are apportioned on the basis of the respective values of the interests in the estate.

The apportionment statute references various exemptions, deductions, and credits that are considered in determining the proportionate share of the tax for each person with

an interest in the estate. A recently enacted provision of the Internal Revenue Code allows the value of a qualified family-owned business to be deducted from the taxable value of an estate of up to \$675,000.

The apportionment statute also contains several references to a section of the Internal Revenue Code which previously had imposed an excise tax on distributions from retirement accounts. Congress has repealed this excise tax, making references to it in the state law meaningless.

Summary of Bill:

The estate tax apportionment statute is updated to reflect changes in federal tax law.

References to a repealed section of the Internal Revenue Code are removed. That repealed federal statute had previously imposed a federal excise tax on distributions from retirement accounts.

The Internal Revenue Code definition of a "qualified family-owned business interest" is incorporated into the apportionment statute. Provisions are added regarding when and how a qualified family-owned business is to be included in the computation of estate taxes for apportionment purposes.

Other references to various sections of the Internal Revenue Code are added to the apportionment statute.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill is strictly technical, but provides important updates to the estate tax law.

Testimony Against: None.

Testified: Senator Johnson, prime sponsor; and Al Montgomery, Washington State Bar Association.