

# SENATE BILL REPORT

## HB 2515

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As Reported By Senate Committee On:  
Ways & Means, February 23, 2000

**Title:** An act relating to simplifying estate tax penalties.

**Brief Description:** Simplifying estate tax penalties.

**Sponsors:** Representatives Stensen, Cox, Cooper, Thomas and Hurst; by request of Department of Revenue.

**Brief History:**

**Committee Activity:** Ways & Means: 2/23/2000 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Loveland, Chair; Brown, Vice Chair; Fairley, Fraser, Honeyford, Kohl-Welles, McDonald, Rasmussen, Roach, Rossi, B. Sheldon, Snyder, Spanel, Thibaudeau, West, Winsley, Wojahn and Zarelli.

**Staff:** Terry Wilson (786-7433)

**Background:** The state imposes a tax on the transfer of property at death. The tax is equal to the amount of tax authorized as a credit against the federal estate tax. As a result, the tax would be paid to the federal government, if the state did not impose it. Because the tax is tied to the federal credit, it only applies to estates valued at more than \$675,000. The state tax return is due when the federal tax return is due, which is usually nine months after the date of death.

The executor is required to file the federal estate tax return and is subject to a penalty under state law for failure to file. The penalty is equal to 5 percent of the tax due for each month that the return is late, not to exceed 25 percent of the tax due. This penalty is in addition to interest charged on the amount of tax due.

The Department of Revenue waives penalties, if the reason for the late filing of an estate tax return is due to circumstances beyond the control of taxpayer.

**Summary of Bill:** No penalty is imposed on a person who voluntarily files a late estate tax return with the Department of Revenue. If a person files a late estate tax return only after being contacted by the Department of Revenue, then a penalty is imposed. The penalty is limited to the lesser of 25 percent of the tax due or \$1,500.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2000.

**Testimony For:** This is taken care of by members of the family usually. It is confusing and they sometimes send the payment to the IRS. People only do this once or twice in a lifetime. This gives them a little leeway and makes the penalty less onerous.

**Testimony Against:** None.

**Testified:** PRO: Representative Stensen, prime sponsor; Tim Sekerak, DOR.