

SENATE BILL REPORT

SHB 1061

AS REPORTED BY COMMITTEE ON LAW & JUSTICE, FEBRUARY 21, 1992

**Brief Description:** Making funeral expenses and cost of administration fully deductible from the decedent's estate.

**SPONSORS:** House Committee on Judiciary (originally sponsored by Representatives Ludwig, Padden, R. Meyers, Ferguson, Miller, Orr, Kremen, Winsley and Sheldon).

HOUSE JUDICIARY COMMITTEE

SENATE COMMITTEE ON LAW & JUSTICE

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Nelson, Chairman; Hayner, M. Kreidler, Madsen, Newhouse, Rasmussen, and A. Smith.

**Staff:** Dick Armstrong (786-7460)

**Hearing Dates:** March 13, 1991; February 19, 1992; February 21, 1992

**BACKGROUND:**

When a spouse dies, the funeral expenses and costs of administering the deceased spouse's estate become community debts. One-half of the debt is owed by the estate of the deceased, and one-half is owed by the surviving spouse. The federal tax code limits estate tax deductions for funeral expenses and the costs of administration to those debts charged to the estate. It is suggested that these debts should be fully payable out of the estate to allow the surviving spouse to take full advantage of the estate tax deduction.

**SUMMARY:**

When a spouse dies, the funeral and estate administration costs are payable out of the estate and may not be charged to the community share of the surviving spouse. Contracts for payment of funeral expenses are not affected, but any person paying reasonable funeral expenses shall be reimbursed by the estate. The Department of Social and Health Services may still take into consideration assets of the surviving spouse when determining whether to assume responsibility for funeral expenses.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

The bill is reorganized into three sections.

If the assets of the estate are insufficient to pay the funeral expenses, the liability for such costs devolves upon the spouse, children, or parents, as provided in current law.

**TESTIMONY FOR:**

This bill will treat residents of Washington the same as residents in noncommunity property states. Fairness requires that funeral expenses should be charged to the estate of the deceased person. Three other community property states have adopted a similar proposal.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Representative Ludwig, original prime sponsor (pro); Noreen Nearn, WSBA (pro); Dee Cooper, Department of Revenue (pro)