

SENATE BILL REPORT

HB 1075

AS REPORTED BY COMMITTEE ON LAW & JUSTICE, MARCH 23, 1993

Brief Description: Updating references in probate and trust law to the Internal Revenue Code.

SPONSORS: Representatives Padden, Appelwick, Ludwig and Johanson

HOUSE COMMITTEE ON JUDICIARY

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass.

Signed by Senators A. Smith, Chairman; Quigley, Vice Chairman; Hargrove, McCaslin, Nelson, Niemi, Rinehart, Roach, and Spanel.

Staff: Jon Carlson (786-7459)

Hearing Dates: March 19, 1993; March 23, 1993

BACKGROUND:

A number of provisions governing probate and trust law and laws governing estate taxation refer to the Internal Revenue Code. Many of those references are outdated cross-references to the Internal Revenue Code of 1954. Individual chapters in the Washington statutes have various definitions and references to the Internal Revenue Code. The current Internal Revenue Code was adopted in 1986.

Washington statutes governing marital deduction gifts in trust mirror definitions and requirements in the Internal Revenue Code. The Internal Revenue Code requires that no distributions from a "qualified domestic trust" may be made, other than a distribution of income, unless the trustee of the trust has the right to withhold from the distribution the tax imposed under the Internal Revenue Code. Washington statutes have not been updated to reflect this requirement.

SUMMARY:

A new definition of the Internal Revenue Code is added to the general provisions governing probate law. "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended or renumbered on the effective date of this act. Additional and unnecessary references to the Internal Revenue Code are deleted, and other references are updated.

Provisions governing marital deductions are updated to reflect the requirement that no distributions from a "qualified domestic trust" may be made, other than a distribution of income, unless the trustee of the trust has the right to

withhold from the distribution the tax imposed under the Internal Revenue Code.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Technical cross references to the Internal Revenue Code and some of its provisions need to be updated and corrected in Washington law.

TESTIMONY AGAINST: None

TESTIFIED: Representative Mike Padden, prime sponsor; Noreen Nearn, WA State Bar Assn. (pro)