

FINAL BILL REPORT

SB 6139

C 129 L 00
Synopsis as Enacted

Brief Description: Modifying estate tax apportionment.

Sponsors: Senators Johnson, Heavey and Gardner.

Senate Committee on Judiciary

House Committee on Judiciary

Background: The Washington estate tax apportionment statute provides that federal and state taxes due with respect to the value of an estate shall be divided proportionately among those with an interest in the estate. The statute currently includes several references to a section of the Internal Revenue Code which imposed an excise tax on distributions from retirement accounts. Congress recently repealed this tax, making references to it obsolete and confusing.

Exemptions, deductions and credits allowed by the law imposing a tax are considered in determining the proportionate share of the tax for each person with an interest in the estate. There is currently no specific provision concerning the deduction allowed under a newly enacted section of the Internal Revenue Code from the taxable value of an estate of up to \$675,000 of the value of a qualified family owned business.

The Washington State Bar Association recommends that all references to the repealed Internal Revenue Code section be removed from the Washington statute, and that sections be added to incorporate the Internal Revenue Code deduction relating to qualified family owned businesses.

Summary: References in the Washington estate tax apportionment statute to a repealed section of the Internal Revenue Code which imposed a federal excise tax on distributions from retirement accounts are deleted. A provision is added incorporating the Internal Revenue Code definition of qualified family owned business interest.— Other changes are made affecting the apportionment of estate tax liability among beneficiaries in cases involving qualified family owned businesses.

Votes on Final Passage:

Senate 47 0

House 97 0

Effective: June 8, 2000