

HB 2075.E - DIGEST

(DIGEST AS ENACTED)

Finds that: (1) In *In re Estate of Bracken*, Docket No. 84114-4, the Washington supreme court narrowly construed the term "transfer" as defined in the Washington estate tax code;

(2) The *Bracken* decision held certain qualified terminable interest property (QTIP) of married couples was transferred without incurring Washington state estate tax liability, which: Creates an inequity never intended by the legislature because unmarried individuals did not enjoy any similar opportunities to avoid or greatly reduce their potential Washington estate tax liability; and may create disparate treatment between QTIP property and other property transferred between spouses that is eligible for the marital deduction; and

(3) It is necessary to reinstate the legislature's intended meaning when it enacted the estate tax, restore parity between married couples and unmarried individuals, restore parity between QTIP property and other property eligible for the marital deduction, and prevent the adverse fiscal impacts of the *Bracken* decision by reaffirming its intent that the term "transfer" as used in the Washington estate and transfer tax is to be given its broadest possible meaning consistent with established United States supreme court precedents, subject only to the limits and exceptions expressly provided by the legislature.