

such notice it shall be the duty of the corporate authorities to meet with the treasurer of the county, city or town proposing to issue such bonds, at his office, and with him open said bids, and shall sell said bonds to the person or persons making the most advantageous offer therefor: *Provided, however,* That said bonds shall never be sold or disposed of below par, and such corporate authorities shall have the right to reject any and all bids, and if all said bids shall be rejected, such corporate authorities shall proceed to readvertise the sale of said bonds in the manner herein provided.

Duty of corporate authorities.

Proviso.

Passed the Senate February 5, 1901.

Passed the House February 27, 1901.

Approved by the Governor March 6, 1901.

CHAPTER LV.

[S. B. No. 6.]

RELATIVE TO TAXATION OF INHERITANCES.

AN ACT relating to the taxation of inheritances and providing for disposition of same.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. All property within the jurisdiction of this state, and any interest therein, whether belonging to the inhabitants of this state or not, and whether tangible or intangible, which shall pass by will or by the statutes of inheritance of this or any other state, or by deed, grant, sale or gift made or intended to take effect in possession or in enjoyment after the death of the grantor or donor to any person in trust or otherwise, shall, for the use of the state, be subject to a tax as provided for in section two of this act, after the payment of all debts owing by the decedent at the time of his death, the local and state taxes due from the estate prior to his death, and a reasonable sum for funeral expenses, court costs, including cost of appraisement

Property subject to above tax.

Payment of all debts, attorneys' fees, etc.

made for the purpose of assessing the inheritance tax, the statutory fees of executors, administrators or trustees, and no other sum, but said debts shall not be deducted unless the same are allowed or established within the time provided by law, unless otherwise ordered by the judge or court of the proper county and all administrators, executors and trustees, and any such grantee under a conveyance, and any such donee under a gift, made during the grantor's or donor's life, shall be respectively liable for all such taxes to be paid by them, with lawful interest until the same shall have been paid. The inheritance tax shall be and remain a lien on such estate from the death of the decedent until paid.

Debts not deducted unless allowed by law, as provided.

Liability of parties.

Lien on estate.

SEC. 2. The inheritance tax shall be and is to be levied on all estates subject to the operation of this act on all sums above the first \$10,000.00, where the same shall pass to or for the use of the father, mother, husband, wife, lineal descendant, adopted child, or the lineal descendant of an adopted child, one (1) per centum. On all sums not exceeding the first fifty thousand dollars, of three per centum, where such estate passes to collateral heirs to and including the third degree of relationship, and to six per cent. where such estates pass to collateral heirs beyond the third degree or to strangers to the blood. On all sums above the first fifty thousand dollars and not exceeding the first one hundred thousand dollars, four and one-half per centum to collateral heirs to and including the third degree, and nine per centum to collateral heirs beyond the third degree or to strangers to the blood. And on all sums in excess of the first one hundred thousand dollars the tax shall be six per centum to collateral heirs to and including the third degree, and twelve per centum to collateral heirs beyond the third degree or to strangers to the blood.

Proportion of levy—1 per cent.

6 per cent.

4½ per cent.

6 per cent. on excess.

Exception.

SEC. 3. Except as to the limitations prescribed in section 2 from the inheritance tax and real property located outside the state passing in fee from the decedent owner, the tax imposed under section two shall

hereafter be assessed against and be collected from Future assessment. property of every kind, which, at the death of the decedent owner is subject to, or thereafter, for the purpose of distribution, is brought into this state and becomes subject to the jurisdiction of the courts of this state for distribution purposes, or which was owned by any decedent domiciled within the state at the time of the death of such decedent, even though the property of said decedent so domiciled was situated outside of the state.

SEC. 4. In case of any property belonging to a foreign Foreign estate. estate, which estate, in whole or in part, is liable to pay a collateral inheritance tax in this state, the said tax shall be assessed upon the market value of said property remaining after the payment of such debts and expenses as are chargeable to the property under the laws of this state. In the event that the executor, administrator or trustee of such foreign estate files with the clerk of the court having ancillary jurisdiction and with the State Treasurer duly certified statements exhibiting the true market value of the entire estate of the decedent owner, and the indebtedness for which the said estate has been adjudged liable, which statements shall be duly attested by the judge of the court having original jurisdiction, the beneficiaries of said estate shall then be Beneficiaries entitled to deduct proportion of debt. entitled to have deducted such proportion of the said indebtedness of the decedent from the value of the property as the value of the property within this state bears to the value of the entire estate.

SEC. 5. It shall be the duty of the executor, administrator, or trustee, immediately upon his appointment, to make and file a separate inventory, any will to the contrary notwithstanding, of all the real estate of the decedent liable to such tax, and to cause notice of the lien to be entered as a *lis pendens* in the office of the county auditor in each county where each particular part of said real estate is situated, and no conveyance of said estate or interest therein, which is subject to such tax before or after the entering of said lien, shall Duty of executor, administrator or trustee.

Discharge of estate. discharge the estate so conveyed from the operation thereof.

Appraisement. SEC. 6. All the real estate of the decedent subject to such tax shall, except as hereinafter provided, be appraised within the time provided by law for the appraisement of decedent's estates, and the tax thereon, calculated upon the appraised value after deducting debts for which the estate is liable, shall be paid by the person entitled to said estate within fifteen months from the approval by the court of such appraisement, unless a longer period is fixed by the court, and in default thereof the court may order the same, or so much thereof as may be necessary to pay such tax, to be sold.

Sale of, by court.

Devise. SEC. 7. When any person shall devise any real property to or for the use of the father, mother, husband, wife, lineal descendant, adopted child, or lineal descendant of such child, during life or for a term of years, and the remainder to a collateral heir or to a stranger to the blood, the court, upon the determination of such estate for life or years, shall, upon its own motion or upon the application of the State Treasurer, cause such estate to be appraised at its then actual market value from which shall be deducted the value of any improvements thereon or betterments thereto, made by the remainder man during the time of the prior estate, to be ascertained and determined by the appraiser and the tax on the remainder shall be paid by such remainder man within six months from the approval of the court of the report of the appraisers. If such tax is not paid within said time, the court may then order said real estate, or so much thereof as may be necessary to pay said tax, to be sold.

Appraisement.

If not paid property may be sold.

Life estate to other parties. SEC. 8. Whenever any real estate of a decedent shall be subject to such tax, and there be a life estate or interest for a term of years given to a party other than the father, mother, husband, wife, lineal descendant, adopted child, or lineal descendant of such child, and the remainder to a collateral heir or stranger to the blood, the court shall direct the interest of the life

estate or term of years to be appraised at the actual value thereof according to the rules or standards of mortality and of value commonly used in actuaries' combined experience tables. The State Treasurer is directed to obtain and publish for the use of the courts and appraisers throughout the state, tables showing the average expectancy of life, and the value of annuities or life and term estates, and the present worth or value of remainders and reversions. The taxable value of life or term, deferred or future estates, shall be computed at the rate of four per cent. per annum interest. Whenever it is desired to remove the lien of the inheritance tax on remainders, reversions or deferred estates, parties owning the beneficial interest may pay at any time the said tax on the present worth of such interest determined according to the rules herein fixed. Upon the approval of such appraisal by the court, the party entitled to such life estate or term of years, shall within sixty days thereafter pay the tax on such life or term estate, and in default thereof the court may order such interest in such estate or so much thereof as shall be necessary to pay such tax, to be sold. Upon the determination of such life estate or term of years, unless the tax on the remainder shall have been previously paid, as provided in this section, the same provision shall apply as to the ascertainment of the amount of the tax and the collection of the same on the real estate in remainder as in like cases is provided in the preceding section. Whenever any personal estate of a decedent shall be subject to such tax, and there be a life estate or interest for a term of years given, the court shall inquire into and determine the value of the life estate or interest for the term of years, and order and direct the amount of the tax thereon, to be paid by the prior estate, and that to be paid by the remainder man, each of whom shall pay their proportion of such tax within six months from such determination, unless a longer period is fixed by the court, and in default thereof the

Appraised at actual value.

Publishing of tables.

Computation.

Removal of lien.

Payment of tax.

Provision, if failure to pay.

Court to determine value and direct tax paid by prior estate.

executor, administrator or trustee shall pay the tax out of said property, as the court may direct.

SEC. 9. Whenever a decedent appoints one or more executors or trustees and in lieu of their allowance or commission, makes a bequest or devise of property to them which would otherwise be liable to said tax or appoints them his residuary legatees, and said bequests, devises, or residuary legacies exceed what would be a reasonable compensation for their services, such excess shall be liable to such tax, and the court having jurisdiction of their accounts, upon its own motion, or on the application of the State Treasurer, shall fix such compensation.

Excess liable to tax.

Compensation fixed by court.

SEC. 10. Whenever any legacies subject to said tax are charged upon or payable out of any real estate, the heir or devisee, before paying the legacies, shall deduct said tax therefrom and pay it to the executor, administrator, trustee or State Treasurer, and the same shall remain a charge and be a lien upon said real estate until it is paid; and payment thereof shall be enforced by the executor, administrator, trustee or State Treasurer in his name of office, in the same manner as the payment of the legacy itself could be enforced.

Heir to deduct tax and pay tax.

Lien until paid.

SEC. 11. Every executor, administrator or trustee having in charge or trust any property subject to said tax, and which is made payable by him, shall deduct the tax therefrom, or shall collect the tax thereon from the legatee or person entitled to said property, and he shall not deliver any specific legacy or property subject to said tax to any person until he has collected the tax thereon.

Tax collected from legatee.

Taxes payable to State Treasurer.

Accrued interest.

SEC. 12. All taxes imposed by this act shall be payable to the State Treasurer, and those which are made payable by executors, administrators or trustees shall be paid within fifteen months from the death of the testator or intestate, or within fifteen months from assuming the trust by such trustee, unless a longer period is fixed by the court. All taxes not paid within the time prescribed in this section shall draw interest at the legal rate until paid.

SEC. 13. It shall be the duty of all appraisers appointed under the provisions of this act to forthwith give notice to the State Treasurer, and other persons known to be interested in the property to be appraised, of the time and place at which they will appraise such property, which time shall not be less than twenty days from the date of such notice. The notice shall be served in the same manner as is prescribed for the commencement of civil actions unless a different one is ordered by the court or judge, and the notice, with the proof of service thereof, shall be returned to the court with the appraisement. The State Treasurer or any person interested in the estate appraised, may file exceptions to the appraisement, which shall be heard and determined by the court having jurisdiction in probate of the estate involved. If, upon the hearing, the court finds the amount at which the property is appraised is its market value and the appraisement was fairly and in good faith made, it shall approve such appraisement; but if it finds that the appraisement was made at a greater or less sum than the market value of the property, or that the same was not fairly or in good faith made, it shall set aside the appraisement and determine such value. The State Treasurer, or anyone interested in the property appraised, may appeal to the Supreme Court from the order of the Superior Court in the premises.

Duties of appraisers.

Service of notice.

Filing of exceptions.

Approval of appraisement.

Appeal.

SEC. 14. If a foreign executor, administrator or trustee shall assign any corporate stock or obligations in this state standing in the name of a decedent, or in trust for a decedent, liable to such tax, the tax shall be paid to the State Treasurer on or before the transfer thereof; otherwise, the corporation permitting its stock to be so transferred on its books shall be liable to pay such tax, and it is the duty of the State Treasurer to enforce the payment thereof.

Assignment.

SEC. 15. In all of the estates subject to the payment of the inheritance tax it shall be the duty of the executor, administrator or trustee to furnish the clerk of the court a list of the heirs of the estate and to state

List of heirs.

Copy of above list.

therein the relationship which each heir, devisee or legatee bears to the decedent. The clerk of the court shall immediately forward a true copy of such list to the State Treasurer, and no final settlement of the account of any executor, administrator or trustee shall be accepted or allowed unless a strict compliance with the provisions of this section has been had by such person.

Extension of time.

SEC. 16. Whenever, by reason of the complicated nature of an estate, or by reason of the confused condition of the decedent's affairs, it is [impracticable] for the executor, administrator, trustee or beneficiary of said estate to file with the clerk of the court a full, complete and itemized inventory of the personal assets belonging to the estate, within the time required by statute for filing inventories of the estates, the court may, upon the application of such representatives or parties in interest, extend the time for the filing of the appraisal for a period not to exceed three months beyond the time fixed by law.

Compromise with beneficiaries.

SEC. 17. Whenever an estate charged, or sought to be charged, with the inheritance tax, is of such a nature, or is so disposed, that the liability of the estate is doubtful, or the value thereof cannot, with reasonable certainty, be ascertained under the provisions of law, the State Treasurer may, with the written approval of the Attorney General, which approval shall set forth the reasons therefor, compromise with the beneficiaries or representatives of such estates, and compound the tax thereon; but said settlement must be approved by the superior court having jurisdiction of the estate, and after such approval, the payment of the amount of the taxes so agreed upon shall discharge the lien against the property of the estate.

Certified copy to State Treasurer.

SEC. 18. Administrators, executors and trustees of the estates subject to the inheritance tax shall, when demanded by the State Treasurer, send to such Treasurer certified copies of such parts of their reports as may be demanded by him, and upon the refusal of said parties to comply with the Treasurer's demand, it

is the duty of the clerk of the court to comply with such demand, and the expense of making such copies and transcripts shall be charged against the estate, as are other costs in probate. Expenses charged to estate.

Passed the Senate January 30, 1901.

Passed the House February 21, 1901.

Approved by the Governor March 6, 1901.

CHAPTER LVI.

[S. B. No. 96.]

RELIEF OF GRANTEES OF B. NORMAN.

AN ACT for the relief of the grantees of B. Norman, holder of purchase contract No. 233 for the southwest quarter of section thirty-six (36), township seventeen (17) north, of range forty-five (45) E. W. M.

Be it enacted by the Legislature of the State of Washington :

SECTION 1. That each grantee of B. Norman for a portion of the southwest quarter of section thirty-six (36) in township seventeen (17) north, of range forty-five (45) E. W. M., or the successor in interest of such grantee, who shall have his title to the portion granted to him clear of state and county taxes, shall have the right to apply to and receive from the State of Washington, through the proper officials, a deed to the portion of said tract of land so as aforesaid acquired by him from the said B. Norman: *Provided*, That he shall pay to the State of Washington for the same at the price per acre specified in the original contract of the said B. Norman therefor, being contract No. 233, receiving credit for the proper proportion of payments on account of the principal theretofore made to the state by the said B. Norman. Description. Right to apply. Proviso. Payments credited.

SEC. 2. That such application shall be made in writing to the Commissioner of Public Lands and shall be accompanied by an abstract of title showing the applicant's right to the deed as provided by section 1 Application, abstract and certified check.