

SEC. 5. This act is necessary for the immediate Emergency.  
 preservation of the public peace, health and safety,  
 the support of the state government and its existing  
 public institutions, and shall take effect immediately.

Passed the Senate February 10, 1959.

Passed the House February 19, 1959.

Approved by the Governor February 26, 1959.

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## CHAPTER 46.

[ S. B. 126. ]

### DEATH TAXES — ARBITRATION.

AN ACT relating to the settlement of disputes respecting the  
 domicile of decedents for death tax purposes.

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

SECTION 1. For the purposes of this act:

(1) "Executor" means an executor of a will or  
 administrator of the estate of the decedent, but does  
 not include an ancillary administrator nor an ad-  
 ministrator with the will annexed if an executor  
 named in the will has been appointed and has quali-  
 fied in another state.

Definitions.  
 "Executor."

(2) "Taxing official" means the state tax com-  
 mission and the designated authority of a reciprocal  
 state charged with the duty of collecting its death  
 taxes.

"Taxing  
 official."

(3) "Death tax" means any tax levied by a state  
 on account of the transfer or shifting of economic  
 benefits in property at death, or in contemplation  
 thereof, or intended to take effect in possession or  
 enjoyment at or after death, whether denominated  
 an "inheritance tax," "transfer tax," "succession  
 tax," "estate tax," "death duty," "death dues," or  
 otherwise.

"Death tax."

(4) "Interested person" means any person who  
 may be entitled to receive or who has received any

"Interested  
 person."

property or interest which may be required to be considered in computing the death taxes of any state involved in the dispute.

"State." (5) "State" means the District of Columbia and any state, territory or possession of the United States.

"This state." (6) "This state" means the state of Washington.

"Board." (7) "Board" means board of arbitration.

Procedure to invoke act.

SEC. 2 When the taxing official of this state and the taxing official of one or more other states each claims that his state respectively was the domicile of the decedent for the purpose of death taxes, at any time prior to the commencement within this state of suit or action for determination of the decedent's domicile for death tax purposes, or within sixty days thereafter, the executor or the taxing official of any such state may elect to invoke the provisions of this act. Such executor or taxing official shall send a notice of such election by registered mail, receipt requested, to the taxing official of each such state and to each executor, ancillary administrator, and interested person. Within forty days after the receipt of such notice of election the executor may reject such election by sending a notice of rejection by registered mail, receipt requested, to all persons to whom the notice of election is required to be sent. When an election has been rejected by the executor no further proceedings shall be had under this act. If such election is not rejected within the forty-day period, the dispute in respect of the domicile of the decedent for death tax purposes shall be settled solely as hereinafter in this act provided and no other or additional proceedings to determine or redetermine the domicile of the decedent for death tax purposes shall thereafter be instituted in any court of this state or otherwise.

SEC. 3. In any case in which an election is made and not rejected, as provided in section 2 of this act,

the state tax commission may enter into a written agreement with the other taxing officials involved and with the executor to accept a sum certain in full payment of any death taxes, together with interest and penalties, which may be due this state, provided the agreement fixes the amount of death taxes with interest and penalties to be paid to the other states involved in the dispute.

Agreement  
for amount of  
full payment.

SEC. 4. When it appears by the written admission of the executor and the tax official of each state involved in the dispute that an agreement contemplated in section 3 of this act cannot be reached or, in all events, if one year has elapsed from the date of the election without such an agreement having been reached, the domicile of the decedent at the time of his death shall be determined solely for death tax purposes as follows:

Determining  
domicile for  
death tax  
purposes.

(1) When this state and one other state only are involved in the dispute, the state tax commission and the taxing official of the other state shall each appoint a member of a board of arbitration and those members shall appoint the third member of the board. If this state and more than one other state are involved, the taxing officials thereof shall agree upon the authorities charged with the duty of administering death tax laws in three states not involved in the dispute and each of these authorities shall appoint one member of the board of arbitration. The board shall select one of its members as chairman.

Board of  
arbitration.

(2) The board shall hold hearings at such places as it deems necessary, upon reasonable notice to the executor, ancillary administrators, all interested persons and the taxing officials of the states involved, all of whom are entitled to be heard.

Hearings.

(3) The board may administer oaths, take testimony, subpoena witnesses and require their attendance, require the production of books, papers and

Board powers.

documents and issue commissions to take testimony. Subpoenas may be issued by any member of the board. Failure to obey a subpoena of the board may be punished by any court of record in the same manner as if the subpoena had been issued by such court.

Rules of evidence.

(4) Whenever practicable the board shall apply the rules of evidence then prevailing in the federal courts under the federal rules of civil procedure.

Board determination.

(5) The board, by the decision of its majority, shall determine the domicile of the decedent at the time of his death. The decision of the board is final and conclusive and binds this state and all its judicial and administrative officials on all questions concerning the domicile of the decedent for death tax purposes. If the board does not render a decision within one year from the time that it is fully constituted, all authority of the board shall cease and the bar to court proceedings set forth in section 2 of this act shall no longer exist.

Board's authority ceases.

Decision filed.

(6) The decision of the board and the record of its proceeding shall be filed with the authority having jurisdiction to assess death taxes in the state determined to be the domicile of the decedent and with the authorities which would have had jurisdiction to assess death taxes in each of the other states involved if the decedent had been found to be domiciled therein.

Compensation, expenses, borne by estate.

(7) The reasonable compensation and expenses of the members of the board and its employees shall be agreed upon among such members, the taxing officials involved, and the executor. If such an agreement cannot be reached, the compensation and expenses shall be determined by such taxing officials and, if they cannot agree, by the appropriate probate court of the state determined to be the domicile of the decedent. Such amount so determined shall be

borne by the decedent's estate and shall be deemed an administration expense thereof.

SEC. 5. Notwithstanding the commencement of a legal action for determination of domicile within this state or the commencement of an arbitration proceeding as provided in section 4 of this act, the state tax commission, at any time prior to the conclusion of such action or proceeding, may in any case enter into a written agreement with the other taxing officials involved and with the executor to accept a sum certain in full payment of any death tax, together with interest and penalties, which may be due this state, provided the agreement fixes the amount of death taxes with interest and penalties to be paid the other states involved in the dispute. Upon the filing of the agreement with the authority which would have jurisdiction to assess the death taxes of this state if the decedent died domiciled in this state, an assessment shall be made as provided in such agreement, and such assessment shall finally and conclusively fix the amount of death taxes due this state. If the aggregate amount payable under such agreement or under an agreement made in accordance with the provisions of section 3 of this act to the states involved in the dispute is less than the minimum credit allowable to the estate against the United States estate tax imposed with respect thereto, the executor forthwith shall also pay to the state tax commission of this state the same percentage of the difference between such aggregate amount of such credit as the amount payable to the state tax commission under such agreement bears to such aggregate amount.

Agreement,  
full payment,  
after other  
proceedings  
commenced.

Assessment.

Additional  
amounts due.

SEC. 6. When the board of arbitration determines that a decedent died domiciled in this state, interest for nonpayment of the tax during the period commencing with the date of the election and ending

Interest for  
nonpayment  
if domiciled  
in this state.

with the date of the final determination of the board shall be charged and collected in accordance with the provisions of chapter 83.44 RCW then in effect.

Application—  
Reciprocity.

SEC. 7. This act shall be applicable only to cases in which each of the states involved in the dispute has in effect therein a reciprocal statute, or has in effect therein a statute empowering one or more of its officials to voluntarily enter into a binding arbitration or compromise agreement respecting disputed liability for death taxes and such an agreement with each of the other states involved in the dispute and the executor is entered into prior to the appointment of the board of arbitration as provided in section 4 of this act. Any procedural conflict between this act and the statute of a reciprocal state involved in the dispute shall be resolved by the decision of the majority of the board. If there is a statutory conflict relating to the number of board members to be selected or the manner of their selection, the appropriate provision of whichever of the conflicting statutes is designated by the executor shall govern and control.

Passed the Senate January 29, 1959.

Passed the House February 19, 1959.

Approved by the Governor February 27, 1959.