

## CHAPTER 184.

[S. B. 363.]

## INHERITANCE TAX.

AN ACT relating to revenue and taxation; providing for the imposition of an inheritance tax and the means and methods of collection thereof; amending section 1, chapter LV, Laws of 1901, as last amended by section 1, chapter 106, Laws of 1937 (section 11201, Remington's Revised Statutes, also Pierce's Perpetual Code 974-1); amending section 1, chapter 134, Laws of 1931 (section 11201-B, Remington's Revised Statutes, also Pierce's Perpetual Code 974-7); amending section 107j, chapter 180, Laws of 1935, as amended by section 3, chapter 202, Laws of 1939 (section 11202-1j, Remington's Revised Statutes, also Pierce's Perpetual Code 974-105); amending section 12, chapter LV, Laws of 1901, as last amended by section 4, chapter 202, Laws of 1939 (section 11210, Remington's Revised Statutes, also Pierce's Perpetual Code 974-47); and amending section 18, chapter LV, Laws of 1901, as last amended by section 111, chapter 180, Laws of 1935 (section 11217, Remington's Revised Statutes, also Pierce's Perpetual Code 974-73).

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

Amendment.

SECTION 1. Section 1, chapter LV, Laws of 1901, as last amended by section 1, chapter 106, Laws of 1937 (section 11201, Remington's Revised Statutes, also Pierce's Perpetual Code 974-1), is amended to read as follows:

Property  
inherited  
subject to  
tax.

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 in contemplation of the death of the grantor, or donor, or by deed, grant or sale or gift made or intended to take effect in possession or in enjoyment after death of the grantor or donor, to any person in trust or otherwise, or by a transfer in trust or otherwise, under which the grantor or donor has

retained for his life or for any period not ascertainable without reference to his death, or for any period which does not in fact end before his death, the possession or enjoyment of any part of the property, or the right to all or any part of the income from the property, or the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom shall, for the use of the state, be subject to a tax measured by the full value of the entire property as provided for in section 2, 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, monument or crypt, court costs, including cost of appraisal made for the purpose of assessing the inheritance tax, the fees of executors, administrators or trustees, reasonable attorney's fees, and family allowance not to exceed \$1,000.00, and no other sum, but said debt shall not be deducted unless the same are allowed or established within the time provided by law, 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 interest as hereinafter provided until the same shall have been paid, and whenever property, real or personal, other than real property held by the entirety, is held in the joint names of two or more persons, or deposited in banks or other institutions or depositories in the joint names of two or more persons and payable to either or the survivor, upon the death of one of such persons the right of the surviving joint tenants, person or persons to the immediate ownership or possession and enjoyment of such property shall be deemed a transfer taxable under the provisions of this act in the same manner as though the whole

Debts, taxes  
deducted.

Executors  
attorneys  
fees  
deducted.

Estates  
payable to  
survivor.

property to which such transfer relates belonged absolutely to the deceased joint tenant or joint depositor and had been devised or bequeathed to the surviving joint tenant or tenants, person or persons by such deceased joint tenant or joint depositor by will, expecting [excepting] therefrom such parts thereof as may be shown to have originally belonged to such surviving joint tenant, joint depositor or person, and never to have been acquired from the decedent for less than a fair consideration in money or money's worth, and if said property shall have been acquired from decedent for less than such fair consideration, there shall be excepted from the value of said property a portion equal to the amount of the consideration so furnished.

Property acquired for less than full value.

Lien.

Unless the tax is sooner paid in full, it shall be a lien upon the gross estate of the decedent for ten (10) years from the date of death, except that such part of the gross estate as is used for the payment of charges against the estate and expenses of its administration, allowed by any court having jurisdiction thereof, shall be divested of such lien. If the Tax Commission is satisfied that the tax liability of an estate has been fully discharged or provided for, it may, under regulations prescribed by it, issue its certificate, releasing any or all property of such estate from the lien herein imposed. The limitation period shall in each case be extended for a period of time equal to the period of pendency of litigation of questions affecting the determination of the amount of tax due, provided a *lis pendens* has been filed with the County Auditor.

Lien divested upon sale.

Any part of the gross estate as is sold, pursuant to an order of the court for the payment of charges against the estate and the expenses of its administration, shall be divested of such lien and such lien shall be transferred to the proceeds. A mortgage on property pursuant to an order of court for payment of charges against the estate and expenses

of administration shall constitute a lien upon said property prior and superior to the inheritance tax lien which inheritance tax lien shall attach to the proceeds.

If (1) except in the case of a *bona fide* sale for an adequate and full consideration in money or money's worth, the decedent makes a transfer, by trust or otherwise, of any property in contemplation of or intended to take effect in possession or enjoyment at or after his death, or makes a transfer, by trust or otherwise, under which he has retained for his life or for any period not ascertainable without reference to his death or for any period which does not in fact end before his death (A) the possession or enjoyment of, or the right to the income from, the property, or (B) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom, or (2) if insurance passes under a contract executed by the decedent in favor of a specific beneficiary, and if in either case the tax in respect thereto is not paid when due, then the transferee, trustee, or beneficiary shall be personally liable for such tax, and such property, to the extent of the decedent's interest therein at the time of such transfer, or to the extent of such beneficiary's interest under such contract of insurance, shall be subject to a like lien equal to the amount of such tax. Any part of such property sold by such transferee or trustee to a *bona fide* purchaser for an adequate and full consideration in money or money's worth shall be divested of the lien and a like lien shall then attach to all the property of such transferee or trustee, except any part sold to a *bona fide* purchaser for an adequate and full consideration in money or money's worth.

Transfer  
by  
decedent.

Insurance.

Lien  
divested  
upon  
*bona fide*  
sale.

SEC. 2. Section 1, chapter 134, Laws of 1931 (section 11201-B, Remington's Revised Statutes, also

Amendment.

Pierce's Perpetual Code 974-7), is amended to read as follows:

Federal  
tax  
deducted.

Section 1. In all estates the amount of the Federal estate tax, as paid by the estate, shall be deducted as a claim or indebtedness against the estate: *Provided*, That where there is property belonging to decedent both within and without the State of Washington the amount of Federal estate tax deductible shall be the proportionate part thereof that the value of the property having a taxable situs within this state bears to all of the property within and without this state.

Amendment.

SEC. 3. Section 107j, chapter 180, Laws of 1935, as amended by section 3, chapter 202, Laws of 1939 (section 11202-1j, Remington's Revised Statutes, also Pierce's Perpetual Code 974-105), is amended to read as follows:

Lien when  
property  
transferred.

Section 107j. Should the Court determine that the property described in the findings is subject to the lien of the said tax and that said property has been transferred within the meaning of this title, the Court shall afford affirmative relief to the state in said action and a judgment shall be rendered therein in favor of the state ascertaining and determining the amount of said tax, and the person or persons liable therefor and the property chargeable therewith or subject to lien therefor.

No fee shall be charged against the state, the Tax Commission or the Supervisor by any officer in this state in any proceeding taken under this title, nor shall any bond or undertaking be required in any such proceeding.

Effect of  
orders.

The orders, decrees, and judgments, fixing tax or determining that no tax is due, shall have the force and effect of judgments in civil actions, and the state or any interested party may appeal to the Supreme Court.

The lien of a judgment rendered as provided by this section shall be and remain a lien from the date

of entry thereof for six (6) years unless sooner paid, irrespective of the provisions of section 1, chapter LV, Laws of 1901, as amended.

SEC. 4. Section 12, chapter LV, Laws of 1901, as last amended by section 4, chapter 202, Laws of 1939 (section 11210, Remington's Revised Statutes, also Pierce's Perpetual Code 974-47), is amended to read as follows: Amendment.

Section 12. All taxes imposed by this act shall take effect and accrue upon the death of the decedent or donor. If such tax is not paid within fifteen (15) months from the accruing thereof, interest shall be charged and collected at the rate of six per centum (6%) per annum unless the amount of tax cannot be determined because of litigation pending in any court of competent jurisdiction which involves, either directly or indirectly, the amount of tax payable, in which case interest shall not be charged during the time necessarily consumed by such litigation: *Provided*, That in no case shall interest be tolled for a period of more than three (3) years. The minimum tax due in any event shall be paid within fifteen (15) months from the accruing thereof. In all cases where a bond shall be given under the provisions of section 11205 interest shall be charged at the rate of six per centum (6%) per annum from and after a period of sixty (60) days from the time the person or persons owning the beneficial interest come into the possession of same until the payment thereof. When tax shall accrue.  
Interest.

SEC. 5. Section 18, chapter LV, Laws of 1901, as last amended by section 111, chapter 180, Laws of 1935 (section 11217, Remington's Revised Statutes, also Pierce's Perpetual Code 974-73), is amended to read as follows: Amendment.

Section 18. Administrators, executors and trustees of the estates subject to the inheritance tax shall, when demanded by the Tax Commission, send

Copies of  
reports to  
Tax  
Commission.

certified copies of such parts of their reports as may be demanded by it, and upon refusal of said parties to comply with such demand, it is the duty of the clerk of the court to furnish such copies, and the expense of making the same shall be charged against the estate as are other costs in probate, and such administrator, executor, or trustee, shall also upon request of the Tax Commission, furnish copies of all deeds, mortgages, trust agreements, insurance policies, and other instruments in writing that within his judgment are necessary for the determination of the inheritance taxes due the State of Washington, and shall also furnish to the Tax Commission an inheritance tax report in such form as prescribed by the Tax Commission, listing under oath the debts and expenses of administration which are allowable as deductions, and including such other information under oath, concerning the inheritance tax liability of the estate as may be required. And it shall be the duty of the Tax Commission to exercise general supervision of the collection of the inheritance taxes provided in this act, and in the discharge of such duty the Tax Commission through its Supervisor may institute and prosecute such suits or proceedings in the Courts of the state as may be necessary and proper, appearing therein for such purpose; and it shall be the duty of the several county attorneys to render assistance therein when called upon by the Tax Commission so to do.

Commission  
may  
institute  
suits.

Rules and  
regulations.

The Tax Commission shall make and publish rules and regulations, not inconsistent with this act, necessary in enforcing its provisions, which rules and regulations shall have the same force and effect as if specifically included herein, unless declared invalid by the judgment of a Court of record not appealed from. The Tax Commission may, in its discretion, waive the payment of interest required to be assessed under the provisions of this act.

The Tax Commission shall keep a record in which shall be entered memoranda of all the proceedings had in each case, and shall also keep an itemized account showing the amount of such taxes collected, in detail, charging the State Treasurer therewith. Records.

SEC. 6. The provisions of this act shall be retroactive as to all estates on which inheritance tax has not been paid in full or which were not exempt under prior inheritance tax laws. Act retroactive.

Passed the Senate March 3, 1945.

Passed the House March 7, 1945.

Approved by the Governor March 15, 1945.

---

## CHAPTER 185.

[ S. B. 276. ]

### RECONVEYANCE OF LAND TO KLICKITAT COUNTY.

AN ACT authorizing the State Forest Board to reconvey certain agricultural lands in Klickitat County.

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

SECTION 1. The State Forest Board is hereby empowered to reconvey by quit claim deed certain lands heretofore acquired through tax foreclosure and subsequently deeded by Klickitat County to said State Forest Board; *Provided however* that only such lands as may be determined by a soil expert, selected by State Forest Board, to be more suitable for agricultural development than the growing of timber, shall be affected by the provisions of this act. Reconvey-  
ance of  
lands to  
Klickitat  
County.

Passed the Senate March 1, 1945.

Passed the House March 7, 1945.

Approved by the Governor March 15, 1945.