

## CHAPTER 146.

[H. B. 126.]

## AMENDMENT OF INHERITANCE TAX ACT.

AN ACT relating to the taxation of inheritances and amending sections 9182, 9188, 9192 and 9199 and repealing section 9186 and section 9187 of Remington & Ballinger's Code and amending Title LXXVI of Remington & Ballinger's Code by adding thereto a section to be known as section 9188-1 and a section to be known as section 9197-1.

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

SECTION 1. That section 9182 of Remington and Ballinger's Code be amended to read as follows:

Section 9182. 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 inheritances 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 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 9183, 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 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,

Property  
subject to  
tax.

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.

SEC. 2. That section 9188 of Remington and Ballinger's Code be amended to read as follows:

Section 9188. Whenever the estate of a deceased person shall be subject to an inheritance tax, and there be an annuity, life estate or an estate for a term of years given to one or more persons and the remainder to another or others, the entire estate shall be appraised as other estates are required to be appraised by the laws of this state. The value of the annuity, life or term estate shall be determined according to the rules or standards of mortality and of value commonly used in actuaries' combined experience tables on the basis of four per cent. annual interest, and the value of the remainder shall be determined by deducting the amount found to be the value of the annuity, life or term estate from the whole estate. After the values shall have been determined as provided in this section, the tax shall be computed and collected in the same manner that the tax on other estates is computed and collected: *Provided, however,* That any person or persons owning the beneficial interest in the remainder may defer the payment of the tax thereon until they come into possession of the same by filing in the office of the county clerk within thirty days after the determination of the tax, a good and sufficient bond to the State of Washington in a sum equal to the amount of the tax, conditioned that they will pay such tax in full within sixty days after coming into possession of the estate. Said bond shall not operate to defer payment of the tax unless it be approved by the court, and if it shall appear to the judge of said court at any time that a bond previously filed and approved has become insufficient he may require a new bond to be filed. If the person or persons owning the beneficial interest in the remainder shall fail to file a bond within the time herein provided, or if they shall fail to file a new bond when directed by the court, the tax shall immediately

Appraisal of annuities, life and term estates.

Bond of remainderman securing tax.

become due and payable. The state insurance commissioner is hereby directed to obtain and publish for the use of courts and appraisers throughout the state tables showing the average expectancy of life and the values of annuities and of life and term estates.

Life tables  
published by  
insurance  
commissioner.

SEC. 3. That section 9192 of Remington and Ballinger's Code be amended to read as follows:

Section 9192. 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 months from the accruing thereof, interest shall be charged and collected at the rate of eight per centum per annum unless by reason of necessary litigation such tax cannot be determined and paid as herein provided, in which case interest at the rate of eight per centum per annum shall be charged upon such tax from and after the time the cause of such delay is removed. In all cases where a bond shall be given under the provisions of section 9198 [9188] interest shall be charged at the rate of eight per centum per annum from and after a period of sixty days from the time that the person or persons owning the beneficial interest come into the possession of same until the payment thereof.

Accrual  
of tax.

Interest.

SEC. 4. That title LXXVI of Remington & Ballinger's Code be amended by adding thereto a section to be known as section 9188-1 to read as follows:

Section 9188-1. When property is transferred in trust or otherwise and the rights, interests or estates of the transferees are dependent upon contingencies or conditions whereby they may be wholly or in part created, defeated, extended or abridged, such property shall be appraised at its clear market value immediately upon the transfer or as soon thereafter as practicable and a tax shall be imposed upon such transfer at the lowest rate which on the happening of any of said contingencies or conditions would be possible under the provisions of this act and such tax so imposed shall be due and payable in the same manner as other taxes under this chapter: *Provided, however,* That on the happening of any contingency

Trust  
estates.

Computation  
of tax.

Liability  
for increased  
tax.

or condition whereby the said property or any part thereof is transferred to a person or corporation which, under the provisions of this act is required to pay a tax at a higher rate than the tax imposed then such transferee shall pay the difference between the tax imposed and the tax at the higher rate, and the amount of such increased tax shall accrue and become due and payable when the person or corporation beneficially entitled thereto shall come into actual possession or enjoyment thereof.

Estates in  
expectancy.

Estates in expectancy which are contingent or defeasible and in which proceedings for determination of the tax have not been taken or where the taxation thereof has been held in abeyance shall be appraised at their full undiminished clear value when the persons entitled thereto shall come into the beneficial enjoyment or possession thereof without diminution for or on account of any valuation theretofore made of the particular estates for purposes of taxation upon which said estates in expectancy may have been limited. Where an estate for life or for years can be divested by the act or omission of the legatee or devisee, it shall be taxed as if there were no possibility of such divesting.

Estates for  
life.

SEC. 5. That title LXXVI of Remington and Ballinger's Code be amended by adding thereto a section to be known as section 9197-1 to read as follows:

Determina-  
tion of tax  
without ad-  
ministration.

Section 9197-1. When any person dies leaving property within the jurisdiction of the State of Washington, which shall pass 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, 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, and there has been no application for letters of administration of the estate of such deceased person, or when administration of any estate has been completed without an adjudication of the inheritance tax, the liability of such property

for the payment of an inheritance tax may be determined without administration in the manner hereinafter provided.

When any person interested in such property shall deem the same not subject to an inheritance tax, or when he admits the liability for such tax but desire to adjust the same, he may file a petition in the superior court of the proper county to determine the questions arising under the inheritance tax statutes. Such petition shall contain the name and date of death of decedent, the description and estimated value of all property involved, the names and places of residence of all persons interested in the same, and such other facts as are necessary to give the court jurisdiction. The court shall thereupon set a day for hearing said petition and a copy thereof, together with a notice of the time and place of such hearing, shall be served by the petitioner or his attorney upon the state board of tax commissioners and on each person interested in said property, at least twenty days before the date of hearing, if served personally, and if served by publication the service shall be the same as the service of summons by publication in civil actions.

Resort to  
courts to  
determine  
liability  
for tax.

The court shall hear said matter upon the relation of the parties, the testimony of witnesses and evidence produced in open court, and, if it shall be found that the property is not subject to any tax, the court shall make and enter an order determining that fact; but, if it shall appear that the whole or any part of said property is subject to a tax, the same shall be appraised and the tax levied and collected as in other cases. An adjudication by the superior court, as herein provided, shall be conclusive as to the lien of said tax, subject to the right of appeal to the supreme court allowed by the laws of the state.

SEC. 6. That section 9199 of Remington & Ballinger's Code be amended to read as follows:

Section 9199. All bequests and devises of property within this state when the same is for one of the following charitable purposes, namely, the relief of the aged, in-

Exemption  
of charitable  
bequests.

igent and poor people, maintenance of sick or maimed, the support or education of orphans or indigent children, and all bequests and devises heretofore made to the State of Washington or to any county, city, school district or other municipal corporation therein for eleemosynary, charitable, educational or philanthropic purposes shall be exempt from the payment of any inheritance tax, and any property in this state which has been devised or bequeathed for such purposes and upon which a state inheritance tax is claimed or is owing is hereby declared to be exempt from the payment for such tax, and the same is hereby remitted.

Repealing  
clause.

SEC. 7. That sections 9186 and 9187 of Remington & Ballinger's Code be and the same are hereby repealed.

Passed the House March 3, 1917.

Passed the Senate March 7, 1917.

Approved by the Governor March 15, 1917.

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## CHAPTER 147.

[S. B. 173.]

### DISINCORPORATION OF WATER DISTRICTS.

AN ACT providing for the disincorporation of water districts organized under the laws of the State of Washington.

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

SECTION 1. Any water district organized under sections 9510-1 and 9510-23 inclusive, of Rem. & Bal. Code, may be disincorporated in the same manner (insofar as the same is applicable) as is provided in section 7460 to 7477 inclusive, of Rem. & Bal. Code, for the disincorporation of the third and fourth class cities, except that the petition for disincorporation shall be signed by not less than twenty-five per cent (25%) of the voters in the water district.

Passed the Senate March 3, 1917.

Passed the House March 7, 1917.

Approved by the Governor March 15, 1917.