

Red Tape Review Rule Report (Due: September 1, 20 26)

Department Name:	Revenue	Date:	January 27, 2025	Total Rule Count:	28
IAC #:	701	Chapter/ SubChapter/ Rule(s):	Chapters 900, 901, 902	Iowa Code Section Authorizing Rule:	450.3, 450A.12, 450B.7, 451.12
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

These rules describe the Department’s interpretation of the underlying statutes to help the public understand the Iowa estate tax, generation-skipping transfer tax, inheritance tax, and qualified use inheritance tax in order to reduce uncertainty about when the taxes apply.

However, Iowa Code chapters 450A and 451 on the state’s estate and generation-skipping transfer taxes were repealed in 2014 (2014 Acts, ch. 1076, § 25). Additionally, these taxes were only applicable for decedents who died before January 1, 2005. Further, in 2021 (2021 Acts, ch 177, §§ 12, 13), the legislature repealed the state inheritance tax and the state qualified use inheritance tax effective January 1, 2025. Therefore, no state inheritance tax or state qualified use inheritance tax will be imposed on decedents dying on or after January 1, 2025.

Is the benefit being achieved? Please provide evidence.

For chapters 901 and 902 on the state’s estate and generation-skipping transfer tax, the Department determined there is no benefit to retaining these rules since the underlying statutes those chapters are based on have been repealed. Therefore the Department has determined there is no benefit to retaining these rule chapters and will rescind and reserve those chapters.

For chapter 900, Iowa Code chapters 450 and 450B are not applicable for deaths occurring on or after January 1, 2025 and the chapters are repealed as of January 1, 2025. Therefore, keeping chapter 900 in its entirety will likely cause confusion and retaining chapter 900 would require an extensive review and edits to ensure it meets with the requirements set out in Executive Order 10.

However, rather than rescind and reserve chapter 900 in its entirety, the Department has determined that guidance would aid the public and proposes reducing the rule count to one which will provide the public information on any applicable Administrative Rules or other laws that should be consulted for deaths occurring on or before December 31, 2024 and those occurring on or after January 1, 2025.

What are the costs incurred by the public to comply with the rule?

There are no costs to comply with the rules outside of any costs associated with the underlying statutes.

What are the costs to the agency or any other agency to implement/enforce the rule?

There are no costs to the agency with implementing and enforce the rules beyond that which would otherwise be required to administer the statute. There are tax administration expenses associated with administering any tax statute, including return processing and enforcement program work.

Do the costs justify the benefits achieved? Please explain.

The rules found in chapters 901 and 902 are obsolete and no longer necessary.

Iowa Code chapters 450 and 450B and the rules found in chapter 900 will not be applicable for deaths occurring on or after January 1, 2025 and retaining the Administrative Rules in chapter 900 in its entirety could cause confusion for the public going forward.

For deaths occurring on or before December 31, 2024, the Administrative Rules effective on the date of the decedent’s death will apply. Rather than retaining chapter 900 in its entirety, the Department proposes to instead reduce the number of rules to 1, which will provide information to assist the public.

Are there less restrictive alternatives to accomplish the benefit? YES NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The rules found in chapters 901 and 902 are obsolete and no longer necessary.

The rules found in chapter 900 are obsolete for deaths occurring on or after January 1, 2025. However, to aid the public for deaths occurring before that date, the Department proposes to reduce the chapter to one rule which provides guidance to help reduce confusion on what laws or administrative rule may be applicable.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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Yes. Chapters 900, 901, and 902 contain language that is obsolete and outdated. Further, chapters 901 and 902 are no longer necessary as the Iowa Code chapter the rules were intended to implement have been repealed.

RULES PROPOSED FOR REPEAL (list rule number[s]):

- Chapter 900: rules 900.2-900.15
- Chapter 901: rules 901.1-901.6
- Chapter 902: rules 902.1-902.7

RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):

701—900.1(450, 450B, 85GA, HF 2435) Administration.

900.1(1) *State inheritance tax.* For deaths occurring on or after January 1, 2025, no state inheritance tax is imposed. For deaths occurring before January 1, 2025, refer to the Administrative Rules in effect for the year of the death of the decedent.

900.1(2) *Estate tax.* For deaths occurring on or after January 1, 2005, no estate tax is imposed. For deaths occurring before January 1, 2005, refer to the Administrative Rules in effect for the year of the death of the decedent.

900.1(3) *Generation-skipping transfer tax.* For deaths occurring on or after January 1, 2005, no generation-skipping transfer tax is imposed. For deaths occurring before January 1, 2005, refer to the Administrative Rules in effect for the year of the death of the decedent.

900.1(4) *Other applicable federal or state law.* Nothing in this chapter shall be construed to affect the provisions of any other federal or state law that are applicable to a decedent or a decedent's estate.

This rule is intended to implement Iowa Code sections 450.98 and 450B.8, as enacted by 2021 Acts, SF619, sections 12 and 13, and 2014 Iowa Acts, HF2435, section 25.

***For rules being re-promulgated with changes, you may attach a document with suggested changes.**

METRICS

Total number of rules repealed:	27
Proposed word count reduction after repeal and/or re-promulgation	51,467
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	301

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

No.