

1 House BILL NO. 584  
 2 INTRODUCED BY Spadley  
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING INSTITUTIONS,  
 5 CORPORATIONS, AND PERSONS TO REPORT ASSETS AND SECURITIES OF  
 6 DECEDENTS TO THE DEPARTMENT OF REVENUE AND OBTAIN ITS  
 7 CONSENT BEFORE TRANSFERRING SUCH ASSETS AND SECURITIES."  
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Definitions. As used in this act, unless  
 11 the context clearly requires otherwise:

12 (1) "Corporation" or "institution" means corporations  
 13 qualified to do business in the state of Montana and  
 14 includes all banks, trust companies, safe deposit companies,  
 15 savings and loan associations, building and loan  
 16 associations, credit unions, and all other corporate or  
 17 noncorporate institutions performing fiduciary functions.

18 (2) "Securities" or "assets" means stocks, bonds,  
 19 notes, securities, choses in action, and other personal  
 20 property, or the evidence thereof. They include deposits or  
 21 other funds or papers held in storage, deposit or trust and  
 22 the contents or control of safe deposit boxes and shares in,  
 23 or registered bonds of, or other interests, in the  
 24 corporation or institution transferring. Assets or  
 25 securities, including safe deposit boxes, are considered the

1 property of the decedent if held by him jointly with one or  
 2 more persons.

3 Section 2. Transfer of assets--exemption. (1) No  
 4 corporation or other institution or person may transfer  
 5 assets or securities, or assets of trust indentures of  
 6 deceased persons, to an executor, administrator, heirs,  
 7 trustees, etc., without giving ten (10) days' notice to the  
 8 department of revenue; nor may such corporation or  
 9 institution or person make such a transfer without first  
 10 obtaining the written consent of the department of revenue.  
 11 The department shall, as a condition of such consent,  
 12 require that a sufficient amount of the securities be  
 13 retained to pay any tax or interest thereon. It is lawful  
 14 for the department of revenue to examine the securities or  
 15 assets at the time of the transfer. Failure to serve such  
 16 notice or to allow such examination or to retain a  
 17 sufficient amount to pay the tax or interest, shall render  
 18 the corporation, institution, or person liable to the  
 19 payment of the tax or interest due upon the transfer of the  
 20 securities or assets and in addition thereto, to a penalty  
 21 of one thousand dollars (\$1,000).

22 (2) In estates of decedents dying on or after the  
 23 effective date of this act, when, at the date of death, the  
 24 total amount on deposit in a bank or the total amount owing  
 25 from one person, or the total value of securities in one

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1 company, or the total value of property in the hands of one  
 2 person, to the credit of, or owing to, or standing in the  
 3 name of, or belonging to the decedent alone or jointly with  
 4 another or others, does not exceed two thousand dollars  
 5 (\$2,000) such property may be transferred or delivered  
 6 without a release by the department of revenue. If a safe  
 7 deposit box has been determined by an examiner representing  
 8 the department of revenue to be empty or not to contain  
 9 papers or items of value to the decedent or his estate, the  
 10 safe deposit box is not considered a security or asset and  
 11 the lease may be cancelled or transferred and free access  
 12 granted without the written consent of the department of  
 13 revenue. Abstracts of title, the purported will of the  
 14 decedent, a deed to a burial plot, an insurance policy  
 15 payable to a named beneficiary other than the estate of the  
 16 decedent, and other papers having no apparent asset value in  
 17 themselves may be transferred without a release from the  
 18 department of revenue.

19 Insurance proceeds of fifty thousand dollars (\$50,000)  
 20 or less, whether payable to an insured decedent's estate or  
 21 to named beneficiaries, may be transferred without a release  
 22 from the department of revenue. However, notice must be  
 23 given to the department of revenue of all of the decedent's  
 24 insurance in the company. If the insurance proceeds exceed  
 25 fifty thousand dollars (\$50,000), whether they are payable

1 to the insured's estate or to named beneficiaries, notice  
 2 must be given to the department of revenue and a release  
 3 must be obtained from the department of revenue before the  
 4 proceeds may be paid. Where proceeds are payable upon a  
 5 beneficiary's death under a supplemental contract issued on  
 6 the death of the insured where the beneficiary had the right  
 7 to withdraw principal, designate new beneficiaries or alter  
 8 the terms of settlement, notice only is required where the  
 9 proceeds payable do not exceed two thousand dollars  
 10 (\$2,000). Notice and release are required where the  
 11 proceeds payable exceed two thousand dollars (\$2,000).

12 Section 3. The department of revenue may promulgate  
 13 rules to carry out the provisions of this act and all  
 14 procedures shall be under the Montana Administrative  
 15 Procedure Act.

-End-

STATE OF MONTANA

REQUEST NO. 197-75

FISCAL NOTE

Form BD-15

In compliance with a written request received February 11, , 19 75 , there is hereby submitted a Fiscal Note for H.B. 584 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

**DESCRIPTION OF PROPOSED LEGISLATION:**

*H.B. 584 requires institutions, corporations, and persons to report assets and securities of decedents to the Department of Revenue and to obtain its consent before transferring such assets and securities.*

**CONCLUSION:**

*Enactment of House Bill 584 will enhance the enforcement of inheritance taxes without altering administrative costs noticeably. It should increase inheritance tax collections, but it is impossible to provide a quantifiable estimate.*



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 14, 1975