

Referendum Measure No. 30

(Chapter 280, Laws of 1957)

OFFICIAL BALLOT TITLE

INHERITANCE TAX ON INSURANCE PROCEEDS

AN ACT relating to revenue and taxation; providing that insurance payable upon the death of any person shall be taxable under the inheritance tax; providing that such tax shall be a lien upon the proceeds of the policy; amending section 115, chapter 180, Laws of 1935 as amended by section 5, chapter 202, Laws of 1939 and RCW 83.16.080; repealing section 1, chapter 134, Laws of 1931 as amended by section 2, chapter 184, Laws of 1945 and RCW 83.40.050.

LEGISLATIVE TITLE (House Bill No. 727)

INHERITANCE TAXES—INSURANCE.

AN ACT relating to revenue and taxation; and amending section 115, chapter 180, Laws of 1935 as amended by section 5, chapter 202, Laws of 1939 and RCW 83.16.080; repealing section 1, chapter 134, Laws of 1931 as amended by section 2, chapter 184, Laws of 1945 and RCW 83.40.050.

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

SECTION 1. The recent growth of this state has created added responsibilities upon government. In order to meet such increased burdens, taxes are imposed as provided in this act.

SEC. 2. Section 115, chapter 180, Laws of 1935 as amended by section 5, chapter 202, Laws of 1939 and RCW 83.16.080 are each amended to read as follows:

Insurance payable upon the death of any person shall be deemed a part of the estate for the purpose of computing the inheritance tax and shall be taxable to the person entitled thereto. Such insurance shall be taxable irrespective of the fact that the premiums of the policy have been paid by some person other than the insured, or paid out of the income accruing from principal provided by the assured for such payment, whether such principal was donated in trust or otherwise.

The inheritance tax upon the proceeds of any insurance policy shall be a lien upon the proceeds of such policy

in the hands or possession of the estate of the deceased insured or in the hands or possession of any beneficiary under such policy to whom such proceeds may have been paid: *Provided*, That when proceeds of insurance payable upon death, are receivable by a beneficiary other than the executor or representative, the executor or representative shall recover from such beneficiary the tax due upon such proceeds of such policy or policies. The tax commission shall have power to release such lien with respect to all or any part of such proceeds if it is satisfied that the collection of the tax will not thereby be jeopardized.

Nothing in the inheritance tax provisions of this title shall prevent the payment by an insurance company, association or society of the proceeds of any policy upon the death of a decedent to the person entitled thereto, except that where prior to such payment the commission has notified the company that the state is claiming a lien thereon payment shall be deferred until the tax has been paid.

SEC. 3. Section 1, chapter 134, Laws of 1931 as amended by section 2, chapter 184, Laws of 1945 and RCW 83.40.050, are each hereby repealed.

Passed the House March 14, 1957.

Passed the Senate March 14, 1957.

Approved by the Governor March 26, 1957.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State April 12, 1957.

VICTOR A. MEYERS, *Secretary of State.*

Argument *AGAINST* Referendum Measure No. 30



"WAITING FOR THE INSURANCE CHECK"

VOTE NO ON REFERENDUM 30

Here are **FIVE REASONS WHY:**

1. The lien that could be imposed by the Tax Commission could deny the widow any ready cash without a special court order.
2. Washington would be the only state to tax all life insurance proceeds. 28 states give full exemption—18 exempt part of life insurance proceeds—Nevada has no inheritance tax.
3. Proceeds of this tax would not begin to solve the state's financial problems or balance the budget.
4. If we allow legislation to tax catastrophe, grief, and misery **BEWARE OF THE NEXT STEP . . .** your auto insurance, fire insurance, health and accident insurance will be in jeopardy.
5. The last-minute passage of this act was without proper consideration, as attested to by public apologies of legislators who admit the error of their vote.

Chapter 280, Laws of 1957, which increases taxes on life insurance will become law unless a majority of voters in the general election of 1958 vote **NO** on Referendum 30 to stop this vicious tax on widows and children.

COMMITTEE AGAINST INCREASED TAXES ON LIFE INSURANCE

MR. CLINT HARLEY, Chairman • 651 Central Building, Seattle

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State July 8, 1957.

VICTOR A. MEYERS, *Secretary of State.*