

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2142

H. P. 1951

House of Representatives, January 29, 1976

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Morton of Farmington.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

AN ACT to Establish a Single Maine Estate Tax Based Upon a Percentage
of Federal Taxable Estate.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 36 MRSA § 3402 is amended by adding at the end the following sentence:

Chapters 551 to 573 shall not apply to the estate of any person whose death occurs on or after January 1, 1977.

Sec. 2. 36 MRSA Part 6-A is enacted to read:

PART 6-A

MAINE ESTATE TAX

CHAPTER 601

GENERAL PROVISIONS

§ 4101. Applicability of provisions

The provisions of this Part shall apply to the estates of persons whose deaths occur on or after January 1, 1977.

§ 4102. Purpose

This statute intends to combine the Maine inheritance tax and estate tax into a single estate tax. It intends to conform the Maine estate tax provisions with the estate tax laws of the United States Internal Revenue Code, except as otherwise expressly provided, in order to provide a more efficient collection

of this tax, simplify the taxpayer's filing of returns, reduce the taxpayer's accounting burdens and facilitate the administration of these taxes.

Estate taxpayers shall be taxed only upon the Maine taxable estate for any calendar year, but at a rate at which this law shall reflect the taxpayer's ability to pay as measured by the value of his federal taxable estate for the taxable year.

This tax shall be imposed upon the entire estate of a resident domiciled in Maine or that portion of the estate held in Maine by a nonresident. The estate would be liable for payment of the estate tax with the relationship of the beneficiaries to the decedent not considered, except where the Federal Internal Revenue Code otherwise provides. Those not required to file under federal estate tax law would not be required to file a tax return under state estate provisions.

§ 4103. Definitions

As used in this Part unless the context otherwise indicates the following words shall have the following meanings.

1. Assessor. "Assessor" shall mean the State Tax Assessor.
2. Code. "Code" shall mean the Internal Revenue Code of the United States, as amended and in effect on January 1, 1976.
3. Federal gross estate. "Federal gross estate" shall mean the gross estate as defined under the code.
4. Maine adjusted gross estate. "Maine adjusted gross estate" shall mean the Maine gross estate less the deductions allowable under section 4122 pursuant to sections 2053 and 2054 of the code.
5. Maine gross estate. "Maine gross estate" shall mean the federal gross estate, whether or not a federal estate tax return is required to be filed, less the value of real and tangible personal property having an actual situs outside the State.
6. Maine net estate. "Maine net estate" shall mean the Maine gross estate less the following deductions to the extent they are allowable under section 4122:
 - A. Funeral expenses;
 - B. Claims against the estate; and
 - C. Unpaid mortgages on, or any indebtedness in respect of, property where the value of the decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the Maine gross estate.
7. Maine taxable estate. "Maine taxable estate" shall mean the Maine gross estate less the exemption and deductions allowable under section 4122.
8. Resident. "Resident" shall mean any person domiciled in the State of Maine.

§ 4104. Imposition of tax

A tax computed in accordance with section 4121 is imposed on the transfer of real and tangible personal property having an actual situs in the State of every deceased nonresident, if such property would have been included in the Maine gross estate had the decedent been a resident of Maine.

In determining the taxable estate for purpose of the tax imposed by this section, the sum of the exemption and deductions allowable under section 4122 shall not be greater than an amount which bears the same ratio to the sum of the exemption and deductions which would be allowable under section 4122, but for the provisions of this section, as the Maine gross estate bears to the federal gross estate.

§ 4105. Lien of tax

If any amount is or is reasonably estimated to be due to the State under this Part, the assessor may file, in the office of the registry of deeds of the county where such property is located with respect to real property and fixtures and in the office in which a security or financing statement or notice with respect to personal property would be filed, a notice of lien specifying the amount of tax that is reasonably estimated to be required to be paid when due or the amount of tax, interest, penalty and costs due, the name and last place of residence of the decedent and the fact that the assessor has complied with the provisions of this Part in determining the amount of tax, interest, penalties and costs due or a reasonable estimate of the amount of tax that will be required to be paid to the State under this Part. From the time of the filing, the amount set forth in the certificate plus any additional interest, penalty and costs that may be determined to become due under this Part shall constitute a lien upon all property in the county in the decedent's estate or thereafter acquired by it in the period before the expiration of the lien. In the case of any prior mortgage on any real or personal property so written as to secure a present debt and also future advances by the mortgagee to the mortgagor, the lien herein provided, when notice thereof has been filed in the proper office, shall be subject to the prior mortgage unless the assessor also notifies the mortgagee of the recording of the lien in writing, in which case any indebtedness thereafter created from the mortgagor to the mortgagee shall be junior to the lien herein provided for. The lien provided herein has the same force, effect and priority as a judgment lien and shall continue for 5 years from the date of filing unless sooner released or otherwise discharged. The lien may, within said 5-year period or within 5 years from the date of the last extension of the lien in the manner provided in this section, be extended by filing for record in the appropriate office a notice of extension of lien and from the time of such filing, the lien shall be extended for 5 years unless sooner released or otherwise discharged.

§ 4106. Enforcement of lien

The lien provided for by section 4105 may be enforced at any time after the tax liability with respect to which the lien arose becomes due under this Part by a civil action brought by the Attorney General in the name of the State of Maine in either the Probate or Superior Court of the county in

which the property is located and subject any property includable in the Maine gross estate, of whatever nature, to the payment of such tax or liability. The court shall, after the parties have been notified of the action, proceed to adjudicate all matters involved therein and finally determine the merits of all claims to and liens upon the property, and, in all cases where a claim or interest of the State of Maine therein is established, may decree a sale of such property, by the proper officer of the court and a distribution of the proceeds of such sale according to the findings of the court. If the property is sold to satisfy a lien held by the State of Maine, the State of Maine may bid at the sale such sum, not exceeding the amount of such lien with expenses of sale, as the assessor directs.

§ 4107. Secrecy of returns

The disclosure by the assessor, or by any deputy, assistant, clerk or other employee of the information whatever contained in or set forth by any return or document filed with the assessor in connection with the assessment of taxes imposed by this Part, is prohibited except in proceedings to assess or collect the tax; provided, however, that the assessor may grant to the persons charged or likely to become charged with the payment of taxes in the case in which such return or document is filed, or their representatives, permission to inspect the same; and provided, further, that the assessor, pursuant to this section, may disclose such information to the duly authorized tax officials of the United States and of territories, states and political subdivisions thereof, or to any agent or agency of such territory, state or political subdivision thereof.

CHAPTER 603

RATES AND EXEMPTIONS

§ 4121. Rates

1. Tax rates computed. A tax computed in accordance with the following table is imposed on the transfer of the Maine taxable estate of every deceased resident of Maine:

Maine Taxable Est. equal or more than	Maine Taxable Est. less than	Tax on Amount on Col. (1)	Rate of Tax on Excess over Amount Col. (1) Percent
0	5,000	0	1.5
5,000	10,000	75	2.5
10,000	20,000	200	4.0
20,000	30,000	600	5.0
30,000	40,000	1,100	6.5
40,000	50,000	1,750	8.0
50,000	60,000	2,550	9.0

Maine Taxable Est. equal or more than	Maine Taxable Est. less than	Tax on Amount on Col. (1)	Rate of Tax on Excess over Amount Col. (1) Percent
60,000	100,000	3,450	10.0
100,000	250,000	7,450	10.5
250,000	500,000	23,200	11.5
500,000	750,000	51,950	12.5
750,000	1,000,000	83,200	13.0
1,000,000	1,250,000	115,700	14.0
1,250,000	1,500,000	150,700	15.0
1,500,000	2,000,000	188,200	16.0
2,000,000	2,500,000	268,200	17.5
2,500,000	—	355,700	19.0

2. Maximum credit excess. If the maximum credit for state death taxes allowable to the estate of a deceased resident against the federal estate tax, as computed according to the rate schedule found in section 2011 of the code based upon an amount equal to the Maine taxable estate, exceeds the tax imposed under subsection 1, the amount of such excess shall be added to the tax imposed under subsection 1.

§ 4122. Exemptions

1. Exemption of \$60,000. There shall be an exemption of \$60,000.

2. Deductions. In addition to the exemption provided in subsection 1, the deductions allowable in computing the Maine taxable estate shall consist of the deduction or portions thereof, other than the exemption found in section 2052 of the code, which are allowable in determining the federal taxable estate and which are attributable to property included in the Maine gross estate; provided, however, that the deduction for property which has passed or passes to a surviving spouse shall not exceed 50% of the Maine adjusted gross estate.

3. Waiver of deductions. If the right to claim any deduction otherwise allowable is waived for federal estate tax purposes, such right shall be considered waived for Maine estate tax purposes.

CHAPTER 605

ASSESSMENT AND PENALTIES

§ 4141. Assessment

1. Taxes deemed to be assessed. Taxes shall be deemed to be assessed at the amount shown as the tax due upon any return filed under this Part and

on any amendment, correction or supplement thereof, or at the amount properly due, whichever is less, and at the time when the return is filed or required to be filed, whichever occurs later.

2. Insufficient assessment. If the assessor determines from the verification of a return or otherwise, that the full amount of any tax has not been assessed or is not deemed to be assessed, he may at any time within 3 years after the date the return was filed or the date it was required to be filed, whichever occurs later, assess the same with interest at 6% per year to the date when the deficiency assessment is required to be paid, first giving notice of his intention to the person to be assessed. Such person or his representative may confer with the assessor or his duly authorized representative as to the proposed assessment within 30 days after the date of such notification. After the expiration of 30 days from the date of such notification, the assessor shall assess the amount of tax remaining due the State, or any portion thereof which he believes has not theretofore been assessed. Failure to receive the notice provided for by this paragraph shall not affect the validity of the tax.

3. Error in assessment. In the case of an arithmetical or clerical error or other obvious error apparent upon the face of the return, the assessor may assess a deficiency attributable to such error without giving notice of his intention to assess to the person to be assessed.

4. False return. In the case of a false or fraudulent return filed with intent to evade a tax or of a failure to file a return, the assessor may make an assessment at any time, without giving notice of his intention to assess, determining the tax due according to his best information and belief.

5. Taxpayer omissions. If the taxpayer omits from the gross estate items includable in such gross estate as exceed in amount 25% of the gross estate stated in the return, the tax may be assessed at any time within 6 years after the return was filed. In determining the items omitted from the gross estate, there shall not be taken into account any item which is omitted from the gross estate in the return if such item is disclosed in the return, or in a statement attached to the return, in a manner adequate to apprise the assessor of the nature and amount of such item.

§ 4142. Notice of assessment

If the assessment of any tax is in excess of the amount shown on the return as the tax due, the assessor shall, as soon as may be, give written notice to the taxpayer of the amount of the assessment and the time when the same is required to be paid, which shall be the 30th day following the date of the notice. Failure to receive such notice shall not affect the validity of the assessment.

§ 4143. Penalty for fraud and late filing

1. Fraudulent returns. If any part of any underpayment of tax required to be shown on the return required by this Part is due to fraud, there shall be added to the tax an amount equal to 50% of the underpayment. For the purposes of this section the term "underpayment" means a deficiency assessed pursuant to section 4141, subsection 2, except that, for this purpose, the tax

shown on a return referred to in section 4141, subsection 1, shall be taken into account only if such return was filed before the last day prescribed for the filing of such return, determined with regard to any extension of time.

2. Failure to file on time. When a taxpayer fails to file a return at the time prescribed by this Part, the taxpayer shall pay, at the time the return is filed, without assessment or demand in addition to the tax liability due, if any, a late filing penalty of \$5 for each full month or fraction thereof expiring before the filing of a proper return in accordance with this Part, or 5% of the tax due for each month or fraction thereof during which the failure continues, but not to exceed a total of 25%, whichever is greater.

§ 4144. Evidence

For the purpose of determining any liability under this Part, the liability of any person for any tax imposed by this Part or the liability of any transferee or fiduciary of any person with respect to any tax imposed by this Part, or collecting any such liability, the assessor may take testimony and proofs under oath, and in connection therewith may issue summonses and require the attendance and testimony of witnesses and the production of books, paper, records and other data. Such summonses shall be served in the same manner as summonses for witnesses in criminal cases issued on behalf of the State, and all provisions of law relative to summonses in such cases shall, so far as applicable, apply to summonses issued hereunder. Any Justice of the Superior Court may, upon the application of the assessor, compel the attendance of witnesses, the production of books, papers, records and other data and the giving of testimony before the assessor in the same manner and to the same extent as before the said court.

§ 4145. Regulations

Any regulations issued by the assessor for the interpretation and enforcement of this Part shall conform so far as the assessor may deem practicable to the regulations relating to the estate tax laws of the United States.

CHAPTER 607

RETURNS

§ 4161. Returns

1. Return filed within 9 months. In all cases where the federal gross estate of the decedent exceeds \$60,000 the executor shall make a return within 9 months after the date of the decedent's death with respect to the tax imposed by this Part. Such return shall be in such form as may be prescribed by the assessor.

2. Incomplete returns. If the executor is unable to make a complete return as to any part of the federal gross estate of the decedent, he shall include in his return a description of such part and the name of every person holding a legal or beneficial interest therein. Upon notice from the assessor such person shall in like manner make a return as to such part of the federal gross estate.

3. Compliance with assessor's regulations. Every person liable for any tax imposed by this Part, or for the collection thereof, shall keep such records, render such statements, make such returns and comply with such rules and regulations as the assessor may from time to time prescribe.

4. Extension of filing deadline. For good cause the assessor may grant a reasonable extension of time for filing any return or other document required by this Part. Any such extension shall be granted only if application therefor is made prior to the date when the tax imposed by this Part is required to be paid and an amount equal to the tax reasonably estimated to be due is paid on or before said date. Failure to pay 80% of the tax due on or before said date shall void any extension of time and the return shall be subject to penalty as a late return. Any such penalty may be abated by the assessor, in whole or in part, for good and sufficient cause.

§ 4162. Executors and fiduciaries

1. Executor. Upon notice to the assessor that any person is acting as executor, such person shall assume the powers, rights, duties and privileges of an executor in respect of the tax imposed by this Part until notice is given that such person is no longer acting as executor.

2. Fiduciary. Upon notice to the assessor that any person is acting in a fiduciary capacity for a person subject to the liability specified in section 4204, the fiduciary shall assume on behalf of such person the powers, rights, duties and privileges of such person under such section, except that the liability shall be collected from the estate of such person, until notice is given that the fiduciary capacity has terminated.

CHAPTER 609

VALUATION

§ 4181. Valuation

Property in the Maine gross estate shall be valued as of the date of death of the decedent; provided, however, that if an alternate valuation has been elected for purposes of the federal estate tax in accordance with section 2032 of the code, the property in the Maine gross estate shall be valued as of the dates used for federal estate tax valuation purposes.

CHAPTER 611

LIABILITY AND COLLECTION

§ 4201. Due date

The tax imposed by this Part shall be due and payable by the person liable therefor at the expiration of 9 months from the date of death of the decedent.

§ 4202. Liability for tax

1. Tax paid by executor. The tax imposed by this Part shall be paid by the executor. The term "executor," wherever used in this Part, means the executor or administrator of the decedent, or, if there is no executor or ad-

ministrator appointed, qualified and acting within the State, then any person in actual or constructive possession of any property of the decedent. The Probate Court may authorize an executor to sell so much of the property of the estate as will enable him to pay such tax in the same manner as it may authorize him to sell such property for the payment of debts.

2. Final account of estate of resident. No final account of an executor of any estate in excess of \$60,000 in probate assets shall be allowed by the Probate Court unless and until the executor shall have filed in the Probate Court a certificate of the assessor showing either that the amount of the tax has been paid or that no tax is due.

§ 4203. Notice and receipt

If the executor makes a written application, accompanied by a copy of the final determination of federal estate tax liability, to the assessor for determination of the amount of the tax and discharge from personal liability therefor, the assessor, as soon as possible, and in any event within one year after the making of such application, or, if the application is made before the return is filed, then within one year after the return is filed, shall notify the executor of the amount of the tax. The executor, on payment of the amount of which he is notified, shall be discharged from personal liability for any deficiency in tax thereafter found to be due, and shall be entitled to a receipt or writing showing such discharge.

§ 4204. Limitation of liability

1. Liability assessment, collection and payment. The amount of the liability, at law or in equity, of a transferee of property of a decedent in respect of the tax imposed by this Part shall, except as hereinafter in this section provided, be assessed, collected and paid in the same manner and subject to the same provisions and limitations as in the case of the tax with respect to which the liability was incurred. Any such liability may be either as to the amount of tax shown on a return or as to any deficiency in tax.

2. Period of limitations. The period of limitations for assessment of any such liability of a transferee shall be as follows.

A. In the case of the liability of an initial transferee, within one year after the expiration of the period of limitation for assessment against the transferor.

B. In the case of the liability of a transferee within one year after the expiration of the period of limitation for assessment against the preceding transferee, but not more than 3 years after the expiration of the period of limitation for assessment against the initial transferor; except that if, before the expiration of the period of limitation for the assessment of the liability of the transferee, a court proceeding for the collection of the tax or liability in respect thereof has been begun against the initial transferor or the last preceding transferee, respectively, then the period of limitation for assessment of the liability of the transferee shall expire one year after the return of execution.

3. Absence of notice of fiduciary relationship. In the absence of notice to the assessor under section 4162 of the existence of a fiduciary relationship, any notice of liability enforceable under this section, if addressed in the name of the decedent or other person subject to liability and mailed to his last known address, shall be sufficient.

4. Transferee defined. As used in this section, the term "transferee" includes donee, heir, legatee, devisee and his distributee.

§ 4205. Collection of tax

The assessment and collection of taxes under this Part and the enforcement and administration of all the provisions of law relating thereto shall be vested in the assessor.

The assessor may recover any tax imposed by this Part in a civil action in the name of the State.

§ 4206. Period of limitations for collection

Taxes imposed by this Part shall be collected within 10 years of the date of death of the decedent; provided, however, that written notice of such death has been given to the assessor within 5 years of the date of such death. If notice is not given within such time, the assessor's right to collect any tax due shall continue until 5 years after the giving of the notice. Notice to the assessor of the death of the decedent shall be conclusively presumed to have been given upon the date of filing of the return required under section 4161. Where any question relative to the taxes imposed by this Part is pending before any agency or court at the end of the above-stated period, the assessor's right to collect any tax due shall continue until 5 years after the final determination of such question.

CHAPTER 613

ABATEMENT AND APPEAL

§ 4221. Abatement of tax

Any person aggrieved by the assessment of a tax under this Part may apply in writing to the assessor for an abatement thereof at any time within 90 days after the date of the assessment of such tax. The assessor shall, if requested thereon, grant the applicant a hearing upon his application. If the assessor finds that the tax is excessive in amount or illegal, he shall abate the tax, in whole or in part, accordingly. If the tax has been paid, the Treasurer of State, upon certification of the assessor, shall repay to the applicant the amount of such abatement.

§ 4222. Appeal

Any person aggrieved by the refusal of the assessor to abate a tax, in whole or in part, may appeal therefrom, within 60 days after the date of notice of the decision of the assessor. Appeals from the determination of the assessor shall be made by filing a petition with the Probate Court having jurisdiction of the estate of the decedent. If, on hearing, the court finds that the person making the appeal was entitled to an abatement, it shall make such abate-

ment as it sees fit. If a tax so abated has been paid, the Treasurer of State, upon presentation to him of the notice of the decision of the court, shall repay to the petitioner the amount of the abatement.

CHAPTER 615 PROOF OF PAYMENT AND PENALTIES

§ 4241. Proof of payment

1. Death tax defined. The terms "death tax" and "death taxes," as used in this section, shall include inheritance, succession, transfer and estate taxes and any taxes levied against the estate of a decedent upon the occasion of his death.

2. Notice of payment of estate tax. At any time before the expiration of 18 months after the qualification in any Probate Court in this State of any executor of the will or administrator of the estate of any nonresident decedent, such executor or administrator shall file with such court proof that all death taxes, together with interest or penalties thereon, which are due to the state of domicile of such decedent or to any political subdivision thereof, have been paid or secured, or that no such taxes, interest or penalties are due, as the case may be, unless it appears that letters testamentary or of administration have been issued on the estate of such decedent in the state of his domicile, herein called the domiciliary state.

3. Expiration of deadline for proof of payment. The proof required by subsection 2 may be in the form of a certificate issued by the official or body charged with the administration of the death tax laws of the domiciliary state. If such proof has not been filed within the time limited in subsection 2 and if within such time it does not appear that letters testamentary or of administration have been issued in the domiciliary state, the register of probate shall forthwith upon the expiration of such time notify by mail the official or body of the domiciliary state charged with the administration of the death tax laws thereof with respect to such estate, and shall state in such notice so far as is known to him:

- A. The name, date of death and last domicile of such decedent;
- B. The name and address of each executor or administrator;
- C. A summary of the values of the real estate, tangible personalty, wherever situated, belonging to such decedent at the time of his death; and
- D. The fact that such executor or administrator has not filed theretofore the proof required in subsection 2. Such register shall attach to such notice a plain copy of the will and codicils of such decedent, if he dies testate, or, if he died intestate, a list of his heirs and next of kin, so far as is known to such register. Within 60 days after the mailing of such notice the official or body charged with the administration of the death tax laws of the domiciliary state may file with such Probate Court in this State a petition for an accounting in such estate, and such official or body of the domiciliary state shall, for the purposes of this section, be a party interested for the purpose

of petitioning such Probate Court for such accounting. If such petition be filed within a period of 60 days, such Probate Court shall order such accounting, and upon such accounting being filed and approved shall order either the payments of any such tax found to be due to the domiciliary state or subdivision thereof or the remission to a fiduciary appointed or to be appointed by the Probate Court, or other court charged with the administration of estates of decedents, of the domiciliary state, of creditors and expenses of administration in this State.

4. Final account of nonresident estate. No final account of an executor or an administrator of a nonresident decedent shall be allowed unless either:

A. Proof has been filed as required by subsection 2; or body charged with the administration of the death tax laws of the domiciliary state, and such official or body has not petitioned for an accounting under the section within 60 days after the mailing of such notice;

C. An accounting has been filed and approved under subsection 3, an order has been made upon such accounting and it appears that the executor or administrator has paid such sums and remitted such securities, if any, as he was required to pay or remit by such decree; or

D. It appears that letters testamentary or of administration have been issued by the domiciliary state and that no notice has been given under subsection 3.

5. Application of section in domiciliary state of decedent. This section shall apply to the estate of a nonresident decedent only in case the laws of the domiciliary state contain a provision, of any nature or however expressed, whereby this State is given reasonable assurance, as finally determined by the assessor, of the collection of its death taxes, interest and penalties from the estates of decedents dying domiciled in this State, when such estates are administered in whole or in part by a Probate Court or other court charged with administration of estates of decedents in such other states.

6. Provisions liberally construed. The provisions of this section shall be liberally construed in order to insure that the domiciliary state of any nonresident decedent whose estate is administered in this State shall receive any death taxes, together with interest and penalties thereon, due to it from the estate of such decedent.

§ 4242. Tax evasion

Any person who willfully attempts in any manner to evade or defeat any tax imposed by this Part or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than 2½ years, or both.

§ 4243. Failure to file

Except as otherwise expressly provided in this Part, any person required under this Part to pay any tax, or required by this Part or regulations made

under authority of this Part to make a return, or supply any information, who willfully fails to pay such tax or make such return or supply such information at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than \$1,000, or imprisonment in jail for not more than one year, or both.

§ 4244. Penalties

Except as otherwise expressly provided in this part, any person who:

1. Return under penalties of perjury. Willfully makes and subscribes any return, statement or other document, which contains or is verified by a written declaration that it is made under penalties of perjury and which he does not believe to be true and correct as to every material respect;

2. Willful assistance to false return. Willfully aids or assists in, or procures, counsels or advises the preparation or presentation under, or in connection with any matter arising under this Part of a return, affidavit, claim or other document, which is fraudulent or is false as to any material matter, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim or document;

3. Willful intent to evade. Removes, deposits or conceals, or is concerned in removing, depositing or concealing, any goods or commodities for or in respect whereof any tax is or shall be imposed, with intent to evade or defeat the assessment or collection of any tax imposed by this Part; or

4. Failure to pay. In connection with the preparation of a return, affidavit, claim or other document for another, receives money or other property from such other person to be paid to the State to discharge in whole or in part such other person's liability or obligation under this Part and fails to pay over the same to the State; shall be guilty of a felony and, upon conviction thereof, shall be punished by a fine of not more than \$1,000, or imprisonment in jail for not more than 2 years, or both.

Sec. 3. Effective date. The effective date of section 2 of this Act shall be January 1, 1977.

FISCAL NOTE

By adopting the rate schedule in section 4121, the amount of revenue will be approximately equal to the amount that is and would be accrued under the present inheritance and estate tax. Due to the 9-month filing provision of this estate tax as opposed to the 12-month provision of the present law, revenues accrued to the State will be accelerated.

STATEMENT OF FACT

This reform is one of the recommendations of the Governor's Tax Policy Committee and is an effort to provide a more efficient method of collection of so-called "death taxes." The bill would ease the administration of the cur-

rent inheritance tax and estate tax. Such a piggyback estate tax adoption would cut the returns processed by 60%, thus reducing administrative costs.

This tax would be imposed upon the entire estate, which then would be liable for its payment. The relationship of the beneficiaries to the deceased is not considered (except where otherwise provided by federal law). This means that the computation of the tax is greatly simplified. Similarly, since the tax is levied along federal estate guidelines, it can be calculated as soon as the net taxable estate is determined. Further, this tax would reflect each estate's "ability to pay" because smaller estates (those under \$60,000) are exempted. Section 4102 of this bill provides additional explanation.