SOUTH DAKOTA SUPREME COURT

In the Matter of the Estate of Henry Siebrasse

2002 SD 26 · No. #21968 · Decided February 20, 2002

SUMMARY

The South Dakota Supreme Court reversed and remanded a probate order involving the estate of Henry Siebrasse. The court held that Delbert Siebrasse was denied due process when he was not given a hearing on the valuation of inherited land, and it ruled that the will's direction to pay debts charged federal estate taxes first against the residual estate. The court also reversed and remanded an attorney-fee award for reconsideration.

CASE DETAILS

COURT	South Dakota Supreme Court
WRITING FOR THE COURT	GORS, Acting Justice; GILBERTSON, Chief Justice; SABERS, Justice; AMUNDSON, Justice; KONENKAMP, Justice
JURISDICTION	South Dakota
DECIDED	February 20, 2002
DOCKET	#21968
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Delbert Siebrasse appealed the circuit court's order approving complete settlement after formal probate proceedings, including the denial of a hearing on the valuation of inherited land, the apportionment of federal estate taxes, and an award of attorney fees to the personal representative.
STANDARD OF REVIEW	Findings of fact are reviewed under the clearly erroneous standard; conclusions of law are reviewed for legal error. An award of attorney fees is reviewed for abuse of discretion.
PRECEDENTIAL VALUE	Published South Dakota Supreme Court opinion
PARTIES	Delbert Siebrasse v. Donald Siebrasse, personal representative of the Estate of Henry Siebrasse

TOPICS

probate procedure · estate administration · due process · tax · appellate procedure

PRACTICE AREAS

probate · estate administration · estate tax · constitutional law · appellate procedure

QUESTIONS PRESENTED

1. Whether denying Delbert a hearing on the disputed valuation of the land he was to inherit violated procedural due process.
2. Whether the will's direction to pay debts required the residual estate to bear the federal estate tax before the tax was apportioned among specific devisees.
3. Whether the circuit court abused its discretion by awarding attorney fees to the personal representative.

HOLDINGS

1. The circuit court violated due process by denying Delbert a hearing on the disputed valuation of the inherited land.
2. A will's direction to pay all debts shifts the federal estate-tax burden first to the residual estate, which must be exhausted before the burden may be apportioned among specific devisees.
3. The award of attorney fees was an abuse of discretion and had to be reversed and remanded for reconsideration in light of the reversal on the valuation issue.

KEY QUOTATIONS

> *"Fundamental is the notion that procedural due process requires that before a person is deprived of a property right that person is entitled to notice and a meaningful opportunity to be heard."* (¶12)

> *"Although the clause in the King will was more extensive, we hold that the direction to pay all debts shifts the estate tax burden first to the residual estate, which must be exhausted before the burden may be apportioned among the specific devisees."* (¶18)

FACTUAL BACKGROUND

Henry Siebrasse died on May 1, 1999, leaving a will that was admitted to probate and naming Donald Siebrasse as personal representative. Delbert was to inherit approximately 800 acres, but the estate's appraisal valued the land at $328,600 without considering encumbrances, while Delbert's appraisal valued it at $145,000. Delbert repeatedly requested a hearing on the valuation because the dispute affected his state inheritance tax and federal estate-tax obligations, but the circuit court denied him a hearing. The court also apportioned federal estate taxes among devisees and awarded attorney fees to the personal representative for defending Delbert's efforts to obtain a valuation hearing.

PROCEDURAL HISTORY

Henry Siebrasse's will was admitted to probate and Donald Siebrasse was appointed personal representative. Delbert repeatedly sought a hearing concerning the valuation of approximately 800 acres he was to inherit, but the circuit court deferred or quashed his requests and ultimately approved the final accounting without holding a valuation hearing. The circuit court also apportioned federal estate taxes among devisees and awarded the estate $996.40 in attorney fees. The South Dakota Supreme Court reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The circuit court must hold a hearing on the valuation of the land Delbert inherited and conduct additional appropriate proceedings if the valuation changes. It must determine the amount passing by specific or general devise and the amount remaining in the residual estate, charge the residual estate with the federal estate tax before any apportionment, and reconsider the attorney-fee award in light of the decision.

CASES CITED

- Estate of Fountain v. Schroeder, 2001 SD 139, 657 N.W.2d 27
- Tulsa Collection Serv. v. Pope, 485 U.S. 478, 108 S. Ct. 1340, 99 L. Ed. 2d 565 (1988)
- Estate of Washburn, 1998 SD 11, 575 N.W.2d 245
- In re Certif. of Questions (Knowles v. United States), 1996 SD 10, 544 N.W.2d 183
- In Re Estate of Kuehn, 87 S.D. 569, 576-77, 212 N.W.2d 356, 360 (1973)
- Matter of Estate of King, 278 N.W.2d 171, 174 (S.D. 1979)
- Jopling v. Jopling, 526 N.W.2d 712, 717 (S.D. 1995)
- Rykhus v. Rykhus, 319 N.W.2d 167, 171 (S.D. 1982)
