MICHIGAN SUPREME COURT

In re Fish's Estate

219 Mich. 369 (Mich. 1922) · Decided July 20, 1922

SUMMARY

The Michigan Supreme Court considered whether a federal estate tax paid by an executor was deductible when calculating Michigan's inheritance tax. The court held that the deduction was not authorized because Michigan's tax was measured by the clear market value of the property at the decedent's death, and the federal tax was not an administration expense. The judgment denying the deduction was affirmed.

CASE DETAILS

COURT	Michigan Supreme Court
WRITING FOR THE COURT	Fellows, C. J.; Wiest, J.; McDonald, J.; Clark, J.; Bird, J.; Sharpe, J.; Moore, J.; Steere, J.
JURISDICTION	Michigan
DECIDED	July 20, 1922
DISPOSITION	affirmed
PROCEDURAL POSTURE	The executor appealed from a judgment denying a deduction for federal estate taxes in computing the Michigan inheritance tax.
STANDARD OF REVIEW	De novo statutory interpretation
PRECEDENTIAL VALUE	Published Michigan Supreme Court opinion; precedential.
PARTIES	Executor of the estate of William Stillman Fish v. State of Michigan

TOPICS

estate administration · estate tax · probate · statutory interpretation · federalism

PRACTICE AREAS

probate · state taxation · estate and inheritance taxation · statutory interpretation · federalism

QUESTIONS PRESENTED

1. Whether federal estate tax paid by an executor is deductible from the value of property at the decedent's death when computing Michigan's inheritance tax.

2. Whether denying the deduction violates the uniformity clause of the Michigan Constitution or the equal protection clause of the Federal Constitution.

HOLDINGS

1. A federal estate tax paid by the executor is not deductible from the clear market value of property at the time of the decedent's death when calculating Michigan's inheritance tax, unless the Michigan Legislature authorizes the deduction.
2. The constitutional challenge is rejected on the authority of Union Steam Pump Sales Co. v. Secretary of State.

KEY QUOTATIONS

> *"The legislature has not authorized the deduction here asked for and it is not an expense of administration. Without judicial legislation the deduction cannot be made. We decline to usurp the functions of the legislature or by judicial legislation to amend its laws."* (219 Mich. at 381-382)

> *"The tax is measured not by the value of the right, but by the value of the property transferred; not by what it is worth when it reaches the possession of the beneficiary, but by the clear market value at the instant of death; not what it will net him after deducting expenses and lawyers' fees, but by its clear market value at the date of transfer."* (219 Mich. at 378)

FACTUAL BACKGROUND

William Stillman Fish died testate on December 25, 1919, leaving an estate appraised at $557,421.04. His executor paid $9,263.33 in federal estate tax and claimed that amount should be deducted before calculating the Michigan inheritance tax. The probate court and circuit court denied the deduction.

PROCEDURAL HISTORY

William Stillman Fish's estate was appraised at $557,421.04, and the executor paid $9,263.33 in federal estate tax. The probate court and the Saginaw County circuit court refused to deduct that federal tax from the property's value for purposes of calculating Michigan's inheritance tax. The Michigan Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- In re Miller's Estate, 184 Cal. 674, 195 Pac. 413, 16 A. L. R. 694
- People v. Bemis, 68 Colo. 48, 189 Pac. 32
- Corbin v. Townshend, 92 Conn. 501, 103 Atl. 647
- People v. Pasfield, 284 Ill. 450, 120 N. E. 286
- State v. Savings Bank, 71 Ind. App. 467, 125 N. E. 200
- Old Colony Trust Co. v. Burrell, 238 Mass. 544, 131 N. E. 321, 16 A. L. R. 689

- State v. Probate Court, 139 Minn. 210, 166 N. W. 125
- Bugbee v. Roebling, 94 N. J. Law 438, 111 Atl. 29
- In re Inman's Estate, 101 Or. 182, 199 Pac. 615, 16 A. L. R. 675
- Knight's Estate, 261 Pa. 537, 104 Atl. 765
- In re Sanford's Estate, 188 Iowa 833, 175 N. W. 506
- In re Gheens, 148 La. 1017, 88 South. 253, 16 A. L. R. 685
- In re Sherman, 179 App. Div. 497, affirmed without opinion, 222 N. Y. 540, 118 N. E. 1078
- Hazard v. Bliss, 43 R. I. 431, 113 Atl. 469
- In re Week's Estate, 169 Wis. 316, 172 N. W. 732
- Knowlton v. Moore, 178 U. S. 41, 20 Sup. Ct. 747
- Hooper v. Shaw, 176 Mass. 190, 57 N. E. 361
- Van Beil's Estate, 257 Pa. 155, 101 Atl. 316
- New York Trust Co. v. Eisner, 256 U. S. 345, 41 Sup. Ct. 506, 16 A. L. R. 660
- Union Steam Pump Sales Co. v. Secretary of State, 216 Mich. 261
