

SENATE BILL 1

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Q7

2000 Regular Session  
(01r0496)

**ENROLLED BILL**  
-- Budget and Taxation/Ways and Means --

Introduced by **Senators Miller and Bromwell**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER 497

1 AN ACT concerning

2 **Inheritance Tax - Exemption for ~~Direct Beneficiaries~~ Lineal Beneficiaries**  
3 **and Siblings**

4 FOR the purpose of exempting from the inheritance tax certain property that passes  
5 from a decedent to or for the use of certain relatives of a decedent or to or for the  
6 use of a corporation owned by certain relatives of a decedent; providing for the  
7 application of this Act; and generally relating to an exemption from the  
8 inheritance tax for certain property that passes from a decedent to or for the use  
9 of certain relatives of a decedent or to or for the use of a corporation owned by  
10 certain relatives of a decedent.

11 BY repealing and reenacting, with amendments,  
12 Article - Tax - General  
13 Section 7-203(b) and 7-204  
14 Annotated Code of Maryland  
15 (1997 Replacement Volume and 1999 Supplement)

1 BY repealing  
 2 Article - Tax - General  
 3 Section 7-203(j)  
 4 Annotated Code of Maryland  
 5 (1997 Replacement Volume and 1999 Supplement)

6 BY renumbering  
 7 Article - Tax - General  
 8 Section 7-203(k) and (l), respectively  
 9 to be Section 7-203(j) and (k), respectively  
 10 Annotated Code of Maryland  
 11 (1997 Replacement Volume and 1999 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Tax - General**

15 7-203.

16 (b) The inheritance tax does not apply to the receipt of [the family allowance  
 17 that a surviving spouse and minor children of a decedent are allowed under § 3-201 of  
 18 the Estates and Trusts Article] PROPERTY THAT PASSES FROM A DECEDENT TO OR  
 19 FOR THE USE OF:

- 20 (1) A GRANDPARENT OF THE DECEDENT;  
 21 (2) A PARENT OF THE DECEDENT;  
 22 (3) A SPOUSE OF THE DECEDENT;  
 23 (4) A CHILD OR OTHER LINEAL DESCENDANT OF THE DECEDENT;  
 24 (5) A SPOUSE OF A CHILD OR OTHER LINEAL DESCENDANT OF THE  
 25 DECEDENT;  
 26 (6) A STEPPARENT OR STEPCHILD OF THE DECEDENT;  
 27 ~~(7)~~ (8) *A BROTHER OR SISTER OF THE DECEDENT;* OR  
 28 ~~(7)~~ (8) A CORPORATION IF ALL OF ITS STOCKHOLDERS CONSIST OF  
 29 THE SURVIVING SPOUSE, PARENTS, STEPPARENTS, STEPCHILDREN, BROTHERS,  
 30 SISTERS, AND LINEAL DESCENDANTS OF THE DECEDENT AND SPOUSES OF THE  
 31 LINEAL DESCENDANTS.

32 [(j) The inheritance tax does not apply to the receipt of property that passes  
 33 from a decedent to or for the use of the surviving spouse of the decedent and is:

1 (1) an interest in property that is held in the name of the decedent and  
2 the surviving spouse and passes by right of survivorship;

3 (2) real property, including leasehold property; or

4 (3) the first \$100,000 of property other than:

5 (i) real property, including leasehold property; or

6 (ii) an interest in property that passes by right of survivorship.]

7 7-204.

8 (a) In this section, "clear value" means fair market value minus expenses.

9 (b) ~~Except as provided in [subsections (c) and (e)]~~ SUBSECTION (D) of this  
10 section, the THE inheritance tax rate is 10% of the clear value of the property that  
11 passes from a decedent.

12 [(c) The inheritance tax rate is 0.9% of the clear value of:

13 (1) the property that passes from a decedent to or for the use of:

14 (i) a grandparent of the decedent;

15 (ii) a parent of the decedent;

16 (iii) a spouse of the decedent;

17 (iv) a child or other lineal descendant of the decedent;

18 (v) a stepparent or stepchild of the decedent; or

19 (vi) a corporation if all of its stockholders consist of the surviving  
20 spouse, parents, stepparents, stepchildren, and lineal descendants of the decedent,  
21 and spouses of the lineal descendants; and

22 (2) the first \$2,000 that passes from the decedent, by survivorship, to a  
23 spouse of a lineal descendant of the decedent from savings accounts that the decedent  
24 and spouse of the lineal descendant held jointly.]

25 [(d)] (C) If a decedent died on or before May 31, 1975, the rate of the  
26 inheritance tax is the rate in effect on the date of the decedent's death.

27 ~~[(e)] (D) The inheritance tax rate for property that passes from a decedent to  
28 or for the use of a brother or sister of the decedent is:~~

29 ~~(1) 8% of the clear value of the property for decedents dying on or after  
30 July 1, 1999 but before July 1, 2000;~~

1           (2)       6% of the clear value of the property for decedents dying on or after  
2 ~~July 1, 2000 but before July 1, 2001; and~~

3           (3)       5% of the clear value of the property for decedents dying on or after  
4 ~~July 1, 2001.~~

5       SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7-203(k) and  
6 (l), respectively, of Article - Tax - General of the Annotated Code of Maryland be  
7 renumbered to be Section(s) 7-203(j) and (k), respectively.

8       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 July 1, 2000 and shall be applicable to all decedents dying on or after July 1, 2000.