

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 322 (Delegate Petzold. *et al.*)

Judiciary

Estates and Trusts - Small Estates - Maximum Property Value

This bill increases from \$20,000 to \$30,000 the gross value of an estate necessary to qualify as a small estate. The bill also establishes an additional small estate maximum property value of \$50,000 for estate transfers between spouses. A small estate administration fee of \$150 is established for small estates greater than \$20,000 but no more than \$50,000.

The bill takes effect July 1, 2000, and applies to decedents dying on or after July 1, 2000.

Fiscal Summary

State Effect: Minimal reduction in inheritance tax revenues due to the increase in the small estate exemption.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The small estate provision applies to estates of \$20,000 or less. There is no special small estate provision for transfers between spouses. The fees under the small estate provision are as follows:

At least \$0 but less than \$200	\$2
At least \$200 but less than \$5,000	1% of the value of the small estate

At least \$5,000 but less than \$10,000	\$50
At least \$10,000 but less than \$20,000	\$100

While estates under \$20,000 are not required to file under the large estate provisions, there are occasions where such filings occur. For large estates, the lower end of the fee structure is as follows:

At least \$0 but less than \$10,000	\$50
At least \$10,000 but less than \$20,000	\$100
At least \$20,000 but less than \$50,000	\$150

Background: Estates meeting the small estate qualification are subject to an expedited probate process that is completed within a maximum of 60 days (versus eight to ten months for a typical large estate probate process). Small estates are only rarely required to post bonds, which are mandatory for large estates. Only a single publication notice is required for small estates, versus three notices for large estates.

The small estate guidelines were last updated in 1989.

State Revenues: Of the 26,200 estates filed in fiscal 1999, 14,410 were less than \$20,000 and hence subject to the small estate provisions. It cannot be reliably estimated at this time how many of the remaining 11,790 estates would fall under the expanded small estate qualifications, either as an estate between \$20,000 and \$30,000 or as spousal transfer estate of between \$20,000 and \$50,000. It is assumed, however, that the net reduction in inheritance tax revenues will be minimal because of the small size of the estates.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Registers of Wills, Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2000
nncsjr Revised - Enrolled Bill - April 25, 2000

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