

SENATE BILL 324

Q7

4lr0318

By: **Senators Forehand, Currie, Feldman, King, Simonaire, and Stone**

Introduced and read first time: January 17, 2014

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Estate Tax – Unified Credit**

3 FOR the purpose of increasing a certain limit on the unified credit used for
4 determining the Maryland estate tax for decedents dying on or after a certain
5 date; altering a certain limitation on the amount of the Maryland estate tax;
6 providing for the application of this Act; and generally relating to the Maryland
7 estate tax.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 7–309(a) and (c)(2)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2013 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 7–309(b)(1), (2), and (3) and (c)(3)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2013 Supplement)

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

20 **Article – Tax – General**

21 7–309.

22 (a) Notwithstanding an Act of Congress that repeals or reduces the federal
23 credit under § 2011 of the Internal Revenue Code, the provisions of this subtitle in
24 effect before the passage of the Act of Congress shall apply with respect to a decedent
25 who dies after the effective date of the Act of Congress so as to continue the Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 estate tax in force without reduction in the same manner as if the federal credit had
2 not been repealed or reduced.

3 (b) (1) Except as provided in paragraphs (2) through (8) of this subsection
4 and subsection (c) of this section, after the effective date of an Act of Congress
5 described in subsection (a) of this section, the Maryland estate tax shall be determined
6 using:

7 (i) the federal credit allowable by § 2011 of the Internal
8 Revenue Code as in effect before the reduction or repeal of the federal credit pursuant
9 to the Act of Congress; and

10 (ii) other provisions of federal estate tax law, **INCLUDING THE**
11 **APPLICABLE UNIFIED CREDIT ALLOWED AGAINST THE FEDERAL ESTATE TAX**, as
12 in effect on the date of the decedent's death.

13 (2) Except as provided in paragraphs (3) through (8) of this subsection
14 and subsection (c) of this section, if the federal estate tax is not in effect on the date of
15 the decedent's death, the Maryland estate tax shall be determined using:

16 (i) the federal credit allowable by § 2011 of the Internal
17 Revenue Code as in effect before the reduction or repeal of the federal credit pursuant
18 to the Act of Congress; and

19 (ii) other provisions of federal estate tax law, **INCLUDING THE**
20 **APPLICABLE UNIFIED CREDIT ALLOWED AGAINST THE FEDERAL ESTATE TAX**, as
21 in effect on the date immediately preceding the effective date of the repeal of the
22 federal estate tax.

23 (3) (i) Notwithstanding any increase in the unified credit allowed
24 against the federal estate tax for decedents dying after 2003, the unified credit used
25 for determining the Maryland estate tax may not exceed the applicable credit amount
26 corresponding to an applicable exclusion amount [of \$1,000,000], within the meaning
27 of § 2010(c) of the Internal Revenue Code, **OF:**

28 **1. \$1,000,000 FOR A DECEDENT DYING BEFORE**
29 **JANUARY 1, 2014; AND**

30 **2. \$3,000,000 FOR A DECEDENT DYING ON OR AFTER**
31 **JANUARY 1, 2014.**

32 (ii) The Maryland estate tax shall be determined without regard
33 to any deduction for State death taxes allowed under § 2058 of the Internal Revenue
34 Code.

1 (iii) Unless the federal credit allowable by § 2011 of the Internal
2 Revenue Code is in effect on the date of the decedent's death, the federal credit used to
3 determine the Maryland estate tax may not exceed 16% of the amount by which the
4 decedent's taxable estate, as defined in § 2051 of the Internal Revenue Code, exceeds:

5 1. \$1,000,000 FOR A DECEDENT DYING BEFORE
6 JANUARY 1, 2014; AND

7 2. \$3,000,000 FOR A DECEDENT DYING ON OR AFTER
8 JANUARY 1, 2014.

9 (c) (2) The Maryland estate tax shall be determined by excluding from the
10 value of the gross estate up to \$5,000,000 of the value of qualified agricultural
11 property that passes from the decedent to or for the use of a qualified recipient.

12 (3) If the value of qualified agricultural property that passes from the
13 decedent to or for the use of a qualified recipient exceeds \$5,000,000, the Maryland
14 estate tax imposed on the Maryland estate of the decedent may not exceed the sum of:

15 (i) 16% of the amount by which the decedent's taxable estate,
16 excluding the value of all qualified agricultural property that passes from the decedent
17 to or for the use of a qualified recipient, exceeds:

18 1. \$1,000,000 FOR A DECEDENT DYING BEFORE
19 JANUARY 1, 2014; AND

20 2. \$3,000,000 FOR A DECEDENT DYING ON OR AFTER
21 JANUARY 1, 2014; and

22 (ii) 5% of the amount by which the value of qualified
23 agricultural property that passes from the decedent to or for the use of a qualified
24 recipient exceeds \$5,000,000.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 2014, and shall be applicable to decedents dying after December 31, 2013.