HOUSE BILL 188

Q7 4lr1567
CF SB 155

By: **Delegates Schulz, Afzali, Arentz, Aumann, Bates, Eckardt, Frank, George, Glass, Haddaway–Riccio, Hogan, Krebs, W. Miller, Myers, Norman, O'Donnell, Otto, Parrott, and Ready**
Introduced and read first time: January 15, 2014
Assigned to: Ways and Means

A BILL ENTITLED

AN ACT concerning

Maryland Estate Tax – Unified Credit

FOR the purpose of altering a certain limit on the unified credit used for determining the Maryland estate tax; repealing a certain limit on the unified credit used for determining the Maryland estate tax for decedents dying after a certain date; altering a certain limitation on the amount of the Maryland estate tax; and generally relating to the Maryland estate tax.

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 7–309(a)
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

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

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

Article – Tax – General

7–309.

(a) Notwithstanding an Act of Congress that repeals or reduces the federal credit under § 2011 of the Internal Revenue Code, the provisions of this subtitle in

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

effect before the passage of the Act of Congress shall apply with respect to a decedent who dies after the effective date of the Act of Congress so as to continue the Maryland estate tax in force without reduction in the same manner as if the federal credit had not been repealed or reduced.

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

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

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

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

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

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

(3) (i) Notwithstanding any increase in the unified credit allowed against the federal estate tax for decedents dying after 2003, the unified credit used for determining the Maryland estate tax **FOR A DECEDENT DYING BEFORE JANUARY 1, 2017,** may not exceed the applicable credit amount corresponding to an applicable exclusion amount **[**of $1,000,000**],** within the meaning of § 2010(c) of the Internal Revenue Code**, OF:**

1. $1,000,000 FOR A DECEDENT DYING BEFORE JANUARY 1, 2014;

2. $2,000,000 FOR A DECEDENT DYING ON OR AFTER JANUARY 1, 2014, BUT BEFORE JANUARY 1, 2015;

3. $3,000,000 FOR A DECEDENT DYING ON OR AFTER JANUARY 1, 2015, BUT BEFORE JANUARY 1, 2016; AND

4. $4,000,000 FOR A DECEDENT DYING ON OR AFTER JANUARY 1, 2016, BUT BEFORE JANUARY 1, 2017.

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

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

1. $1,000,000 **FOR A DECEDENT DYING BEFORE JANUARY 1, 2014;**

2. $2,000,000 FOR A DECEDENT DYING ON OR AFTER JANUARY 1, 2014, BUT BEFORE JANUARY 1, 2015;

3. $3,000,000 FOR A DECEDENT DYING ON OR AFTER JANUARY 1, 2015, BUT BEFORE JANUARY 1, 2016;

4. $4,000,000 FOR A DECEDENT DYING ON OR AFTER JANUARY 1, 2016, BUT BEFORE JANUARY 1, 2017; AND

5. THE APPLICABLE EXCLUSION AMOUNT CORRESPONDING TO THE APPLICABLE UNIFIED CREDIT UNDER PARAGRAPH (1) OR (2) OF THIS SUBSECTION FOR A DECEDENT DYING ON OR AFTER JANUARY 1, 2017.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2014.