

# HOUSE BILL 256

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By: **Delegates Wilkins, Acevero, Carr, Charkoudian, Feldmark, Ivey, R. Lewis, Moon, Palakovich Carr, Shetty, Smith, and Solomon**

Introduced and read first time: January 20, 2020

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Estate Tax – Unified Credit**

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

7 BY repealing and reenacting, without amendments,

8 Article – Tax – General

9 Section 7–309(a) and (b)(1), (2), and (9)

10 Annotated Code of Maryland

11 (2016 Replacement Volume and 2019 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Tax – General

14 Section 7–309(b)(3)

15 Annotated Code of Maryland

16 (2016 Replacement Volume and 2019 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Tax – General**

20 7–309.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 without reduction in the same manner as if the federal credit had not been repealed or  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

3 (b) (1) Except as provided in paragraphs (2) through (9) of this subsection and  
4 subsection (c) of this section, after the effective date of an Act of Congress described in  
5 subsection (a) of this section, the Maryland estate tax shall be determined using:

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

9 (ii) other provisions of federal estate tax law as in effect on the date  
10 of the decedent's death.

11 (2) Except as provided in paragraphs (3) through (9) of this subsection and  
12 subsection (c) of this section, if the federal estate tax is not in effect on the date of the  
13 decedent's death, the Maryland estate tax shall be determined using:

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

17 (ii) other provisions of federal estate tax law as in effect on the date  
18 immediately preceding the effective date of the repeal of the federal estate tax.

19 (3) (i) Notwithstanding any increase in the unified credit allowed  
20 against the federal estate tax for decedents dying after 2003, the unified credit used for  
21 determining the Maryland estate tax for a decedent may not exceed the applicable credit  
22 amount corresponding to an applicable exclusion amount, within the meaning of § 2010(c)  
23 of the Internal Revenue Code, of:

24 1. \$1,000,000 for a decedent dying before January 1, 2015;

25 2. \$1,500,000 for a decedent dying on or after January 1,  
26 2015, but before January 1, 2016;

27 3. \$2,000,000 for a decedent dying on or after January 1,  
28 2016, but before January 1, 2017;

29 4. \$3,000,000 for a decedent dying on or after January 1,  
30 2017, but before January 1, 2018;

31 5. \$4,000,000 for a decedent dying on or after January 1,  
32 2018, but before January 1, 2019; [and]

33 6. \$5,000,000 for a decedent dying on or after January 1,  
34 2019, **BUT BEFORE JULY 1, 2020**, plus any deceased spousal unused exclusion amount

1 calculated in accordance with paragraph (9) of this subsection; AND

2 **7. \$1,000,000 FOR A DECEDENT DYING ON OR AFTER**  
3 **JULY 1, 2020, PLUS ANY DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT**  
4 **CALCULATED IN ACCORDANCE WITH PARAGRAPH (9) OF THIS SUBSECTION.**

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

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

11 1. \$1,000,000 for a decedent dying before January 1, 2015;

12 2. \$1,500,000 for a decedent dying on or after January 1,  
13 2015, but before January 1, 2016;

14 3. \$2,000,000 for a decedent dying on or after January 1,  
15 2016, but before January 1, 2017;

16 4. \$3,000,000 for a decedent dying on or after January 1,  
17 2017, but before January 1, 2018;

18 5. \$4,000,000 for a decedent dying on or after January 1,  
19 2018, but before January 1, 2019; [and]

20 6. \$5,000,000 for a decedent dying on or after January 1,  
21 2019, **BUT BEFORE JULY 1, 2020**, plus any deceased spousal unused exclusion amount  
22 calculated in accordance with paragraph (9) of this subsection; AND

23 **7. \$1,000,000 FOR A DECEDENT DYING ON OR AFTER**  
24 **JULY 1, 2020, PLUS ANY DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT**  
25 **CALCULATED IN ACCORDANCE WITH PARAGRAPH (9) OF THIS SUBSECTION.**

26 (9) (i) In this paragraph, "deceased spousal unused exclusion amount"  
27 means the applicable exclusion amount in effect at the time of the death of the last  
28 predeceased spouse of the decedent under paragraph (3) of this subsection reduced by the  
29 taxable estate of the last predeceased spouse:

30 1. as reported on a Maryland estate tax return filed with the  
31 Comptroller; or

32 2. as reported on a federal estate tax return, if the last  
33 predeceased spouse was not a Maryland resident and no property with a Maryland estate

1 tax situs was includible in the gross estate of the last predeceased spouse.

2 (ii) The deceased spousal unused exclusion amount may not be taken  
3 into account under paragraph (3) of this subsection unless:

4 1. if the last predeceased spouse died on or after January 1,  
5 2019, a Maryland estate tax return is timely filed for the last predeceased spouse, on which  
6 the deceased spousal unused exclusion amount is calculated and an irrevocable election is  
7 made that the deceased spousal unused exclusion amount may be taken into account; or

8 2. if the last predeceased spouse died before January 1, 2019,  
9 or was not a Maryland resident and no property with a Maryland estate tax situs was  
10 includible in the gross estate of the last predeceased spouse, an election was made under §  
11 2010(c) of the Internal Revenue Code on the federal estate tax return of the last  
12 predeceased spouse.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
14 1, 2020.