



House Bill 256 – Maryland Estate Tax – Unified Credit

Position: Opposed

The Maryland Association of REALTORS® is opposed to HB 256 which returns the value of the estate tax credit in Maryland back to \$1 million in after July 1, 2020. The federal credit for 2020 will be over \$11 million.

In 2014 the General Assembly enacted significant increases in the estate tax exclusion with the eventual goal of unifying the state and federal exemption. Unlike most states that tax either the estate or the inheritance, Maryland taxes both. The prior increase in the estate tax provided some relief to Maryland residents who pay both estate and inheritance taxes.

In addition, the tax rates on estates in Maryland are not low. Estates can be taxed at a maximum rate of 40% federally and 16% under Maryland law. That tax applies to real property and other wealth that was likely already taxed multiple times during the lifetime of the decedent.

Finally, with the high property values, there are plenty of middle-income taxpayers, homeowners, small business owners, and farmers whose estates will exceed \$1 million and be subject to an additional 16% tax. REALTORS® believe Maryland should preserve the current estate tax credit which is less than half of the exclusion granted federally. For these reasons, the REALTORS® recommend an unfavorable report.

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