Maryland Society of Accounting & Tax Professionals

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To: House Ways and Means Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: HB 268 Sponsor: Delegates Wilkins

Contact Person: Giavante Hawkins, Executive Director

Position: OPPOSE

Maryland Estate Tax – Unified Credit

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP), representing the voices of over 2,000 tax and accounting professional members, opposes this bill. As tax and accounting professionals serving over 700,000 Maryland residents, we are acutely aware that our clients already consider moving out of Maryland as part of the estate planning.

HB268 would reduce the estate tax unified credit from $5,000,000 down to $1,000,000 plus the unused spousal portable exclusion, if any. Neither Delaware, nor any of the states to the south of Maryland, have any estate tax at all. According to a 2022 report by IPUMS CPS, 7% of Maryland residents who are moving to retire are relocating to another state. Maryland is second only to Oregon in retirees that move to another state. We see the enactment of this legislation leading to a mass exodus of wealthy retirees.

In addition to the additional estate tax that would not be collected as a result of the retirees moving out of state, the State of Maryland would also realize a reduction in tax revenues from a retiree migration, as this is the subset of retirees that pay Maryland income taxes. The Maryland long term care industry would also be adversely affected, further impacting jobs and tax revenues. The population that remains would be the less wealthy residents who be the population subset that would more likely seek aid from the State for their long-term care needs.

As an organization of financial professionals, we do not understand how this legislation could make a positive contribution to the long-term fiscal strategy of the State. MSATP strongly opposes HB 268 and encourages an unfavorable report from this committee.