SB 73

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 73 (Senator Craig, et al.)
Budget and Taxation — Referred to Ways and Means

Inheritance Tax - Family Farms

This amended bill allows family farms of at least 50 acres qualifying as farmland to be exempt from the inheritance tax. If the property ceases to qualify as farmland within 15 years of the decedent's death, the exemption is lost and the inheritance tax must be paid. If the property ceases to qualify as farmland within five years of the decedent's death, the tax, interest, and penalties must be paid.

This bill is effective July 1, 1996.

Fiscal Summary

State Effect: Minimal general fund revenue decrease. Expenditures are not affected.

Local Effect: None.

Fiscal Analysis

State Revenues: For those estates valued under $600,000 with property which would become exempt under this bill, general fund revenues from the inheritance tax will decline. For those estates valued over $600,000, tax liability will be shifted from the inheritance tax to the estate tax. Because of the inherent variability of death tax revenue, the revenue loss occasioned by this bill cannot be reliably estimated at this time.

Revenue could increase in the out-years to the extent that interest and penalties are assessed for those properties disqualified within five years.

As a point of information, had this bill been in effect in fiscal 1995, less than 25 properties throughout the State would have qualified for the exemption, based on a survey of Registers of Wills for fiscal 1995 filings. The resulting general fund revenue loss would have been approximately $85,000.

Information Source(s): Office of the Comptroller (Estate Tax Unit), Registers of Wills, Department of Fiscal Services

Fiscal Note History: First Reader - February 20, 1996
ncs Revised - Senate Third Reader - March 22, 1996

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