

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1142 (Delegate Brinklev. *et al.*)

Ways and Means

**Inheritance Tax - Exemption for Property that Passes to Public, Charitable, or
Religious Organizations**

This bill broadens the current inheritance tax exemption for property passing to nonprofit organizations. Under current law, property passing to 501(c)(3) organizations is exempt from the inheritance tax. This bill amends current law to exempt property transferred to an organization to which bequests are exempt from estate taxation under Internal Revenue Code §2055. The inheritance tax exemption, under both current law and this bill, applies only to those organizations which are incorporated in the State, conduct a substantial part of their activities in the State or in the District of Columbia, or have their principal place of business in a jurisdiction which has a reciprocal exemption from death taxes.

Fiscal Summary

State Effect: Indeterminate general fund revenue decline in FY 1999. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Minimal impact on small businesses.

Fiscal Analysis

State Revenues: Under this bill, no organizations would lose an exemption for inheritance taxes, but additional organizations could receive this exemption. An expansion of the exemption could decrease the amount of inheritance tax revenues collected, but any specific impact cannot be reliably estimated at this time. Any inheritance tax reduction could be partially offset by an increase in the estate tax paid for estates valued at greater than \$625,000

in tax-year 1998, \$650,000 in 1999, \$675,000 in 2000 and 2001, and \$700,000 in 2002 and 2003.

Information Source(s): Register of Wills, Comptroller of the Treasury (Bureau of Revenue Estimates), Department of Legislative Services

Fiscal Note History: First Reader - March 10, 1998

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