

HOUSE BILL 432

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Q7

1999 Regular Session  
(9lr1320)

*ENROLLED BILL*

-- *Ways and Means/Budget and Taxation* --

Introduced by **Delegates Finifter, Zirkin, Morhaim, Bartlett, Phillips, and Linton Linton, Carlson, Conroy, Cryor, C. Davis, Greenip, Healey, Howard, Hurson, Marriott, McKee, Patterson, Ports, Rosso, Rzepkowski, Mandel, Taylor, Bronrott, Burns, DeCarlo, Dembrow, Dewberry, Donoghue, Dypski, Fulton, Giannetti, Goldwater, Heller, A. Jones, J. Kelly, K. Kelly, Klima, Kopp, La Vay, Leopold, Love, Menes, Mitchell, Mohorovic, Montague, D. Murphy, Nathan-Pulliam, Palumbo, Pendergrass, Petzold, Rawlings, Redmer, Riley, Shank, Slade, Swain, Baldwin, Brinkley, Benson, Branch, Hill, Kach, Oaks, Snodgrass, Stull, Valderrama, Walkup, Wood, Boutin, Glassman, Klausmeier, Stocksdale, Elliott, Eckardt, O'Donnell, Parrott, Hubbard, James, and Pitkin**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Inheritance Tax Rate - ~~Lineal and Collateral Beneficiaries~~**

3 FOR the purpose of altering the inheritance tax rate for property that passes from a  
4 decedent to or for the use of *certain* ~~persons other than certain family members~~  
5 ~~of the decedent or a corporation owned by certain family members of the~~  
6 ~~decedent; beneficiaries; altering the authority of the Comptroller to fund certain~~  
7 ~~deficits~~ a provision regarding certain funding of certain expenses of the registers

1 ~~of wills under certain circumstances; providing for the application of this Act;~~  
 2 ~~and generally relating to the alteration of the inheritance tax rate for property~~  
 3 ~~that passes from a decedent to or for the use of persons other than certain family~~  
 4 ~~members of the decedent or a corporation owned by certain family members of~~  
 5 ~~the decedent beneficiaries.~~

6 BY repealing and reenacting, with amendments,  
 7 Article - Tax - General  
 8 Section 7-204  
 9 Annotated Code of Maryland  
 10 (1997 Replacement Volume and 1998 Supplement)

11 BY repealing and reenacting, with amendments,  
 12 Article - Estates and Trusts  
 13 Section 2-205(e)  
 14 Annotated Code of Maryland  
 15 (1991 Replacement Volume and 1998 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Tax - General**

19 7-204.

20 (a) In this section, "clear value" means fair market value minus expenses.

21 (b) Except as provided in ~~{subsection (e)}~~ SUBSECTIONS (C) AND (E)  
 22 ~~SUBSECTIONS (C) AND (D)~~ of this section, the inheritance tax rate is ~~{10%}~~ 5% - 8% of  
 23 the clear value of the property that passes from a decedent.

24 (c) The inheritance tax rate is ~~4%~~ 0.9% of the clear value of:

25 (1) the property that passes from a decedent to or for the use of:

26 (i) a grandparent of the decedent;

27 (ii) a parent of the decedent;

28 (iii) a spouse of the decedent;

29 (iv) a child or other lineal descendant of the decedent;

30 (v) a stepparent or stepchild of the decedent; or

31 (vi) a corporation if all of its stockholders consist of the surviving  
 32 spouse, parents, stepparents, stepchildren, AND lineal descendants of the decedent,  
 33 and spouses of the lineal descendants; and

1 (2) the first \$2,000 that passes from the decedent, by survivorship, to a  
 2 spouse of a lineal descendant of the decedent from savings accounts that the decedent  
 3 and spouse of the lineal descendant held jointly.

4 ~~(D) FOR DECEDENTS DYING BEFORE JULY 1, 2003, EXCEPT AS PROVIDED IN~~  
 5 ~~SUBSECTION (C) OF THIS SECTION, THE INHERITANCE TAX RATE IS:~~

6 ~~(1) FOR DECEDENTS DYING ON OR AFTER JULY 1, 1999, BUT BEFORE~~  
 7 ~~JULY 1, 2000, 9% OF THE CLEAR VALUE OF THE PROPERTY THAT PASSES FROM THE~~  
 8 ~~DECEDENT;~~

9 ~~(2) FOR DECEDENTS DYING ON OR AFTER JULY 1, 2000, BUT BEFORE~~  
 10 ~~JULY 1, 2001, 8% OF THE CLEAR VALUE OF THE PROPERTY THAT PASSES FROM THE~~  
 11 ~~DECEDENT;~~

12 ~~(3) FOR DECEDENTS DYING ON OR AFTER JULY 1, 2001, BUT BEFORE~~  
 13 ~~JULY 1, 2002, 7% OF THE CLEAR VALUE OF THE PROPERTY THAT PASSES FROM THE~~  
 14 ~~DECEDENT; AND~~

15 ~~(4) FOR DECEDENTS DYING ON OR AFTER JULY 1, 2002, BUT BEFORE~~  
 16 ~~JULY 1, 2003, 6% OF THE CLEAR VALUE OF THE PROPERTY THAT PASSES FROM THE~~  
 17 ~~DECEDENT.~~

18 ~~{(d)}~~ ~~(E)~~ If a decedent died on or before May 31, 1975, the rate of the  
 19 inheritance tax is the rate in effect on the date of the decedent's death.

20 ~~(E) THE INHERITANCE TAX RATE FOR PROPERTY THAT PASSES FROM A~~  
 21 ~~DECEDENT TO OR FOR THE USE OF A BROTHER OR SISTER OF THE DECEDENT IS:~~

22 ~~(1) 8% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING~~  
 23 ~~ON OR AFTER JULY 1, 1999 BUT BEFORE JULY 1, 2000;~~

24 ~~(2) 6% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING~~  
 25 ~~ON OR AFTER JULY 1, 2000 BUT BEFORE JULY 1, 2001; AND~~

26 ~~(3) 5% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING~~  
 27 ~~ON OR AFTER JULY 1, 2001.~~

28 **Article - Estates and Trusts**

29 2-205.

30 (e) (1) If the fees and receipts of the office are insufficient in any [month]  
 31 FISCAL YEAR to pay all or a part of the expenses of the office and authorized salary of  
 32 a register, the deficiency shall be [deducted by the register for that month, from the  
 33 taxes due the State Comptroller from the office for that month] FUNDED FROM THE  
 34 TAXES REMITTED TO THE COMPTROLLER OF THE TREASURY BY THE REGISTER  
 35 DURING THAT FISCAL YEAR. Written authority for the [deduction] TRANSFER OF  
 36 FUNDS shall be first obtained from the State Comptroller.

1                   (2)       In the event that tax collections for the [month] FISCAL YEAR are  
2 insufficient, the Comptroller shall make up the deficit from [funds provided in the  
3 State budget for this purpose] EXCESS FEES REMITTED FROM ALL OTHER  
4 REGISTERS.

5       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 July 1, 1999 and shall be applicable to all decedents dying on or after July 1, 1999.