

---

By: **Delegates Finifter, Zirkin, Morhaim, Bartlett, Phillips, and Linton**  
Introduced and read first time: February 10, 1999  
Assigned to: Ways and Means

---

A BILL ENTITLED

1 AN ACT concerning

2 **Inheritance Tax Rate - 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 persons other than certain family members of the  
5 decedent or a corporation owned by certain family members of the decedent;  
6 providing for the application of this Act; and generally relating to the alteration  
7 of the inheritance tax rate for property that passes from a decedent to or for the  
8 use of persons other than certain family members of the decedent or a  
9 corporation owned by certain family members of the decedent.

10 BY repealing and reenacting, with amendments,  
11 Article - Tax - General  
12 Section 7-204  
13 Annotated Code of Maryland  
14 (1997 Replacement Volume and 1998 Supplement)

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

17 **Article - Tax - General**

18 7-204.

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

20 (b) Except as provided in [subsection (c)] SUBSECTIONS (C) AND (D) of this  
21 section, the inheritance tax rate is [10%] 5% of the clear value of the property that  
22 passes from a decedent.

23 (c) The inheritance tax rate is 1% of the clear value of:

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

25 (i) a grandparent of the decedent;

26 (ii) a parent of the decedent;

- 1 (iii) a spouse of the decedent;
- 2 (iv) a child or other lineal descendant of the decedent;
- 3 (v) a stepparent or stepchild of the decedent; or
- 4 (vi) a corporation if all of its stockholders consist of the surviving  
5 spouse, parents, stepparents, stepchildren, lineal descendants of the decedent, and  
6 spouses of the lineal descendants; and

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

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

12 (1) FOR DECEDENTS DYING ON OR AFTER JULY 1, 1999, BUT BEFORE  
13 JULY 1, 2000, 9% OF THE CLEAR VALUE OF THE PROPERTY THAT PASSES FROM THE  
14 DECEDENT;

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

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

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

24 [(d)] (E) If a decedent died on or before May 31, 1975, the rate of the  
25 inheritance tax is the rate in effect on the date of the decedent's death.

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