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Brinkley, Benson, Branch, Hill, Kach, Oaks, Snodgrass, Stull,
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Introduced and read first time: February 10, 1999
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 22, 1999

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 ~~persons other than certain family members of the~~
5 ~~decedent or a corporation owned by certain family members of the decedent;~~
6 beneficiaries; altering the authority of the Comptroller to fund certain deficits
7 under certain circumstances; providing for the application of this Act; and
8 generally relating to the alteration of the inheritance tax rate for property that
9 passes from a decedent to or for the use of ~~persons other than certain family~~
10 ~~members of the decedent or a corporation owned by certain family members of~~
11 ~~the decedent~~ beneficiaries.

12 BY repealing and reenacting, with amendments,
13 Article - Tax - General
14 Section 7-204
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1998 Supplement)

1 BY repealing and reenacting, with amendments,
 2 Article - Estates and Trusts
 3 Section 2-205(e)
 4 Annotated Code of Maryland
 5 (1991 Replacement Volume and 1998 Supplement)

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

8 **Article - Tax - General**

9 7-204.

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

11 (b) Except as provided in {subsection (c)} ~~SUBSECTIONS (C) AND (D)~~ of this
 12 section, the inheritance tax rate is [10%] ~~5%~~ 8% of the clear value of the property that
 13 passes from a decedent.

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

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

16 (i) a grandparent of the decedent;

17 (ii) a parent of the decedent;

18 (iii) a spouse of the decedent;

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

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

21 (vi) a corporation if all of its stockholders consist of the surviving
 22 spouse, parents, stepparents, stepchildren, lineal descendants of the decedent, and
 23 spouses of the lineal descendants; and

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

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

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

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

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

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

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

12 **Article - Estates and Trusts**

13 2-205.

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

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

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