

SENATE BILL 229

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1999 Regular Session
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CF HB 27

By: **Senators Roesser, Bromwell, Colburn, Collins, Conway, Dorman, Dyson, Ferguson, Hoffman, Hollinger, Jacobs, Kelley, Lawlah, Middleton, Sfikas, ~~and Teitelbaum~~ Teitelbaum, Currie, DeGrange, Hogan, Kasemeyer, McFadden, Munson, Neall, Ruben, Stoltzfus, and Van Hollen**

Introduced and read first time: February 2, 1999
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: February 16, 1999

CHAPTER _____

1 AN ACT concerning

2 **Inheritance Tax and Income Tax - Victims of Nazi Persecution**

3 FOR the purpose of providing an exclusion from the inheritance tax for certain assets
4 stolen from, hidden from, or otherwise lost to a victim of Nazi persecution and
5 for certain payments or distributions to victims of Nazi persecution or their
6 spouses or descendants; providing a subtraction modification under the
7 Maryland individual income tax for certain amounts included in federal
8 adjusted gross income attributable to, derived from, or related to certain assets
9 stolen from, hidden from, or otherwise lost to a victim of Nazi persecution and
10 certain payments or distributions to victims of Nazi persecution or their spouses
11 or descendants; providing that the exclusion from the inheritance tax and the
12 subtraction modification include certain interest payments; providing that the
13 exclusion from the inheritance tax and the subtraction modification do not
14 include certain assets; providing that the exclusion from the inheritance tax and
15 the subtraction modification only apply to certain individuals; providing for the
16 application of this Act; and generally relating to the taxation of certain
17 distributions or payments attributable to Nazi persecution and made to certain
18 individuals.

19 BY adding to
20 Article - Tax - General
21 Section 7-203(l) and 10-207(t)
22 Annotated Code of Maryland

1 (1997 Replacement Volume and 1998 Supplement)

2 BY repealing and reenacting, without amendments,

3 Article - Tax - General

4 Section 10-207(a)

5 Annotated Code of Maryland

6 (1997 Replacement Volume and 1998 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article - Tax - General**

10 7-203.

11 (L) (1) IN THIS SUBSECTION, THE TERM "VICTIM OF NAZI PERSECUTION"
12 MEANS A VICTIM OF NAZI PERSECUTION WITHIN THE MEANING OF THE NAZI
13 PERSECUTION VICTIMS ELIGIBILITY BENEFITS ACT, PUB. L. NO. 103-286, 108 STAT.
14 1450 (1994).

15 (2) THE INHERITANCE TAX DOES NOT APPLY TO THE RECEIPT OF
16 PROPERTY THAT IS:

17 (I) AN ASSET THAT WAS:

18 1. STOLEN FROM, HIDDEN FROM, OR OTHERWISE LOST TO A
19 VICTIM OF NAZI PERSECUTION DUE TO NAZI PERSECUTION;

20 2. SUBSEQUENTLY RECOVERED; AND

21 3. RECEIVED BY THE DECEDENT DURING THE DECEDENT'S
22 LIFETIME; OR

23 (II) A DISTRIBUTION MADE TO A DECEDENT BECAUSE OF THE
24 DECEDENT'S STATUS AS:

25 1. A VICTIM OF NAZI PERSECUTION; OR

26 2. A SPOUSE OR DESCENDANT OF A VICTIM OF NAZI
27 PERSECUTION.

28 (3) THE EXCLUSION UNDER PARAGRAPH (2) OF THIS SUBSECTION
29 INCLUDES INTEREST ON THE PROCEEDS RECEIVABLE AS INSURANCE UNDER
30 POLICIES ISSUED BY EUROPEAN INSURANCE COMPANIES PRIOR TO AND DURING
31 WORLD WAR II TO A VICTIM OF NAZI PERSECUTION.

32 (4) THE EXCLUSION UNDER PARAGRAPH (2) OF THIS SUBSECTION DOES
33 NOT INCLUDE:

1 (I) ASSETS ACQUIRED WITH THE ASSETS DESCRIBED IN
2 PARAGRAPH (2) OF THIS SUBSECTION; OR

3 (II) ASSETS ACQUIRED WITH PROCEEDS FROM THE SALE OF THE
4 ASSETS DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION.

5 (5) THE EXCLUSION UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION
6 SHALL ONLY APPLY IF THE DECEDENT WAS THE FIRST RECIPIENT OF THE ASSET
7 DESCRIBED IN PARAGRAPH (2)(I) OF THIS SUBSECTION AFTER THEIR RECOVERY AND
8 WAS:

9 (I) A VICTIM OF NAZI PERSECUTION; OR

10 (II) A SPOUSE OR DESCENDANT OF A VICTIM OF NAZI
11 PERSECUTION.

12 10-207.

13 (a) To the extent included in federal adjusted gross income, the amounts under
14 this section are subtracted from the federal adjusted gross income of a resident to
15 determine Maryland adjusted gross income.

16 (T) (1) IN THIS SUBSECTION, THE TERM "VICTIM OF NAZI PERSECUTION"
17 MEANS A VICTIM OF NAZI PERSECUTION WITHIN THE MEANING OF THE NAZI
18 PERSECUTION VICTIMS ELIGIBILITY BENEFITS ACT, PUB. L. NO. 103-286, 108 STAT.
19 1450 (1994).

20 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
21 INCLUDES:

22 (I) INCOME OF AN INDIVIDUAL RELATED TO ASSETS STOLEN
23 FROM, HIDDEN FROM, OR OTHERWISE LOST TO A VICTIM OF NAZI PERSECUTION DUE
24 TO NAZI PERSECUTION; AND

25 (II) A DISTRIBUTION MADE TO AN INDIVIDUAL BECAUSE OF THE
26 INDIVIDUAL'S STATUS AS:

27 1. A VICTIM OF NAZI PERSECUTION; OR

28 2. A SPOUSE OR DESCENDANT OF A VICTIM OF NAZI
29 PERSECUTION.

30 (3) THE SUBTRACTION UNDER PARAGRAPH (2) OF THIS SUBSECTION
31 INCLUDES INTEREST ON THE PROCEEDS RECEIVABLE AS INSURANCE UNDER
32 POLICIES ISSUED BY EUROPEAN INSURANCE COMPANIES IMMEDIATELY PRIOR TO
33 AND DURING WORLD WAR II TO A VICTIM OF NAZI PERSECUTION.

34 (4) THE SUBTRACTION UNDER PARAGRAPH (2) OF THIS SUBSECTION
35 DOES NOT INCLUDE ASSETS ACQUIRED WITH THE ASSETS DESCRIBED IN

1 PARAGRAPH (2) OF THIS SUBSECTION OR WITH THE PROCEEDS FROM THE SALE OF
2 THE ASSETS DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION.

3 (5) THE SUBTRACTION UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION
4 SHALL ONLY APPLY IF THE INDIVIDUAL IS THE FIRST RECIPIENT OF THE ASSETS
5 DESCRIBED IN PARAGRAPH (2)(I) OF THIS SUBSECTION AFTER THEIR RECOVERY AND
6 IS:

7 (I) A VICTIM OF NAZI PERSECUTION; OR

8 (II) A SPOUSE OR DESCENDANT OF A VICTIM OF NAZI
9 PERSECUTION.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 1999. The exclusion under § 7-203(l) of the Tax - General Article shall be
12 applicable to decedents dying on or after July 1, 1999. The subtraction modification
13 under § 10-207(t) of the Tax - General Article shall be applicable to all taxable years
14 beginning after December 31, 1998.