

SENATE BILL 398

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Q7

1999 Regular Session  
(91r1684)

*ENROLLED BILL*

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

Introduced by Senators Munson, Van Hollen, Currie, DeGrange, Hoffman, Kasemeyer, Lawlah, McFadden, Middleton, Neall, Stoltzfus, Ferguson, Hogan, Hooper, McCabe, Jacobs, Harris, Mooney, Roesser, and Madden  
Madden, Frosh, Teitelbaum, Kelley, and Forehand

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.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Inheritance Tax - Tax Rate - Siblings, Nieces, and Nephews of Decedent~~  
3 *Inheritance Tax Rate*

4 FOR the purpose of altering the inheritance tax rate for property that passes from a  
5 decedent to or for the use of certain ~~relatives of the decedent~~ *beneficiaries*;  
6 ~~altering a certain provision regarding the inheritance tax rate for property that~~  
7 ~~passes from a decedent to or for the use of certain corporations~~; altering a  
8 provision regarding funding of certain expenses of the registers of wills under  
9 certain circumstances; ~~and~~ providing for the application of this Act; and  
10 generally relating to the inheritance tax rate.

11 ~~BY repealing and reenacting, with amendments,~~  
12 Article - Estates and Trusts  
13 Section 2-205(e)

1 Annotated Code of Maryland  
 2 (1991 Replacement Volume and 1998 Supplement)

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

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

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

15 Article - Estates and Trusts

16 2-205.

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

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

28 Article - Tax - General

29 7-204.

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

31 (b) Except as provided in ~~subsection (e)~~ SUBSECTIONS (C) AND (E) of this  
 32 section, the inheritance tax rate is 10% of the clear value of the property that passes  
 33 from a decedent.

34 (c) The EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, THE  
 35 inheritance tax rate is ~~4%~~ 0.9% of the clear value of:

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

- (i) a grandparent of the decedent;
- (ii) a parent of the decedent;
- (iii) a spouse of the decedent;
- (iv) a child or other lineal descendant of the decedent;
- (v) a stepparent or stepchild of the decedent; ~~for~~
- ~~(VI) A BROTHER OR SISTER OF THE DECEDENT;~~
- ~~(VII) A NIECE OR NEPHEW OF THE DECEDENT; OR~~
- ~~{(vi)}~~ ~~(VIII)~~ ~~(VII)~~ a corporation if all of its stockholders consist of the surviving spouse, parents, stepparents, stepchildren, ~~BROTHERS, SISTERS, AND~~ lineal descendants of the decedent, and spouses of the lineal descendants; and

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

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

~~(E) THE INHERITANCE TAX RATE FOR PROPERTY THAT PASSES FROM A DECEDENT TO OR FOR THE USE OF A BROTHER OR SISTER OF THE DECEDENT OR A CORPORATION DESCRIBED IN SUBSECTION (C)(1)(VII)(VI) OF THIS SECTION OF WHICH A BROTHER OR SISTER OF THE DECEDENT IS A STOCKHOLDER IS:~~

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

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

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

~~(3) 4% 5% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING ON OR AFTER JULY 1, 2001 BUT BEFORE JULY 1, 2002;~~

~~(4) 2% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING ON OR AFTER JULY 1, 2002 BUT BEFORE JULY 1, 2003; AND~~

~~(5) 1% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING ON OR AFTER JULY 1, 2003.~~

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Article - Estates and Trusts2 2-205.

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

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

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