

SENATE BILL 398

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SB 44/98 - B&T

1999 Regular Session
9lr1684

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**

Introduced and read first time: February 5, 1999
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 23, 1999

CHAPTER _____

1 AN ACT concerning

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

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 relatives of the decedent; altering a certain
5 provision regarding the inheritance tax rate for property that passes from a
6 decedent to or for the use of certain corporations; altering a provision regarding
7 funding of certain expenses of the registers of wills under certain circumstances;
8 and providing for the application of this Act.

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

14 BY repealing and reenacting, with amendments,
15 Article - Tax - General
16 Section 7-204
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 1998 Supplement)

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

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 PREVIOUSLY REMITTED TO THE STATE COMPTROLLER 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.

Article - Tax - General

15 7-204.

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

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

20 (c) ~~The~~ EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, THE
21 inheritance tax rate is 1% of the clear value of:

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

23 (i) a grandparent of the decedent;

24 (ii) a parent of the decedent;

25 (iii) a spouse of the decedent;

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

27 (v) a stepparent or stepchild of the decedent; [or]

28 (VI) A BROTHER OR SISTER OF THE DECEDENT;

29 ~~(VII) A NIECE OR NEPHEW OF THE DECEDENT; OR~~

30 [(vi)] ~~(VII)~~ (VII) a corporation if all of its stockholders consist of the
31 surviving spouse, parents, stepparents, stepchildren, BROTHERS, SISTERS, AND lineal
32 descendants of the decedent, 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) If a decedent died on or before May 31, 1975, the rate of the inheritance tax
5 is the rate in effect on the date of the decedent's death.

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

10 (1) 8% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING
11 ON OR AFTER JULY 1, 1999 BUT BEFORE JULY 1, 2000;

12 (2) 6% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING
13 ON OR AFTER JULY 1, 2000 BUT BEFORE JULY 1, 2001;

14 (3) 4% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING
15 ON OR AFTER JULY 1, 2001 BUT BEFORE JULY 1, 2002;

16 (4) 2% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING
17 ON OR AFTER JULY 1, 2002 BUT BEFORE JULY 1, 2003; AND

18 (5) 1% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS DYING
19 ON OR AFTER JULY 1, 2003.

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