

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 258 (Senator Frosh)

Judicial Proceedings

Intestate Succession - Failure to Support Child

This bill prevents a natural or adoptive parent from claiming any inheritance from or through a child if the parent has abandoned, deserted, or continuously refused to support the child or refused to acknowledge the child as the parent's own.

Fiscal Summary

State Effect: Indeterminate effect on general fund revenues. Expenditures would not be affected.

Local Effect: Indeterminate effect on local boards of education revenues.

Small Business Effect: None.

Fiscal Analysis

Background: The inheritance tax is assessed at a direct rate of 1% or a collateral rate of 10%. The rate assessed depends upon the relationship of the decedent to the recipient(s). Under current law, the general fund receives 75% of inheritance tax revenues, with the remaining 25% going to the Registers of Wills. To the extent the revenues received by the Registers of Wills exceed expenditures, the excess (normally about 80%) is remitted back to the general fund. Any estate subject to both the estate tax and the inheritance tax may receive a credit against the estate tax for any inheritance tax paid. Inheritance tax reductions would therefore be offset by an increase in the estate tax paid for estates valued greater than \$675,000 in tax years 2000 and 2001. The size of the estate necessary to be subject to the estate tax increases each year until 2006 when only estates with a gross value of greater than \$1 million are subject to the estate tax.

State Revenues: The bill prohibits parents who have abandoned, refused to support, or have deserted their children from claiming the estate of these children. Under current law the parent would be subject to the 1% direct inheritance tax. Therefore, if another heir claimed the child's estate who was also considered a direct heir, general fund revenues would not be affected by this bill. On the other hand, if the claiming heir was subject to the 10% collateral inheritance tax, then general fund revenues would potentially increase. If the decedent had no will and there are no other heirs, the Department of Health and Mental Hygiene or the local board of education would receive the distribution of the child's estate.

The Department of Legislative Services does not have any information on which to base an estimate of the number of parents who would be prohibited from claiming their children's estates. In addition, it is unknown how many other heirs would be eligible to inherit the child's estate, and what relationship they would have to the decedent.

Information Source(s): Comptroller of the Treasury (Bureau of Revenue Estimates),
Department of Legislative Services

Fiscal Note History: First Reader - February 15, 1999

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