
By: **Delegate Mandel**

Introduced and read first time: February 7, 2000

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Inheritance Tax - Relatives of Decedent**

3 FOR the purpose of exempting from the inheritance tax certain property that passes
4 from a decedent to or for the use of certain relatives of a decedent or to or for the
5 use of a corporation owned by certain relatives of a decedent; altering the
6 inheritance tax rate for property that passes from a decedent to or for the use of
7 certain relatives of the decedent; providing for the application and effective
8 dates of this Act; and generally relating to the application of the inheritance tax
9 to certain property that passes from a decedent to or for the use of certain
10 relatives of a decedent or to or for the use of a corporation owned by certain
11 relatives of a decedent.

12 BY repealing and reenacting, with amendments,
13 Article - Tax - General
14 Section 7-203(b) and 7-204
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1999 Supplement)

17 BY repealing
18 Article - Tax - General
19 Section 7-203(j)
20 Annotated Code of Maryland
21 (1997 Replacement Volume and 1999 Supplement)

22 BY renumbering
23 Article - Tax - General
24 Section 7-203(k) and (l), respectively
25 to be Section 7-203(j) and (k), respectively
26 Annotated Code of Maryland
27 (1997 Replacement Volume and 1999 Supplement)

28 BY repealing and reenacting, with amendments,
29 Article - Tax - General

1 Section 7-203(b) and 7-204
2 Annotated Code of Maryland
3 (1997 Replacement Volume and 1999 Supplement)
4 (As enacted by Section 1 of this Act)

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

7 **Article - Tax - General**

8 7-203.

9 (b) The inheritance tax does not apply to the receipt of [the family allowance
10 that a surviving spouse and minor children of a decedent are allowed under § 3-201 of
11 the Estates and Trusts Article] PROPERTY THAT PASSES FROM A DECEDENT TO OR
12 FOR THE USE OF:

- 13 (1) A GRANDPARENT OF THE DECEDENT;
14 (2) A PARENT OF THE DECEDENT;
15 (3) A SPOUSE OF THE DECEDENT;
16 (4) A CHILD OR OTHER LINEAL DESCENDANT OF THE DECEDENT;
17 (5) A SPOUSE OF A CHILD OR OTHER LINEAL DESCENDANT OF THE
18 DECEDENT;
19 (6) A STEPPARENT OR STEPCHILD OF THE DECEDENT; OR
20 (7) A CORPORATION IF ALL OF ITS STOCKHOLDERS CONSIST OF THE
21 SURVIVING SPOUSE, PARENTS, STEPPARENTS, STEPCHILDREN, AND LINEAL
22 DESCENDANTS OF THE DECEDENT AND SPOUSES OF THE LINEAL DESCENDANTS.

23 [(j) The inheritance tax does not apply to the receipt of property that passes
24 from a decedent to or for the use of the surviving spouse of the decedent and is:

- 25 (1) an interest in property that is held in the name of the decedent and
26 the surviving spouse and passes by right of survivorship;
27 (2) real property, including leasehold property; or
28 (3) the first \$100,000 of property other than:
29 (i) real property, including leasehold property; or
30 (ii) an interest in property that passes by right of survivorship.]
31 7-204.

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

1 (b) Except as provided in [subsections (c) and (e)] SUBSECTION (D) of this
2 section, the inheritance tax rate is 10% of the clear value of the property that passes
3 from a decedent.

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

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

6 (i) a grandparent of the decedent;

7 (ii) a parent of the decedent;

8 (iii) a spouse of the decedent;

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

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

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

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

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

19 [(e) (D) (1) The inheritance tax rate for property that passes from a
20 decedent to or for the use of a brother or sister of the decedent is:

21 [(1) (I) 8% of the clear value of the property for decedents dying on or
22 after July 1, 1999 but before July 1, 2000;

23 [(2) (II) 6% of the clear value of the property for decedents dying on or
24 after July 1, 2000 but before July 1, 2001; and

25 [(3) (III) 5% of the clear value of the property for decedents dying on or
26 after July 1, 2001.

27 (2) THE INHERITANCE TAX RATE FOR PROPERTY THAT PASSES FROM A
28 DECEDENT TO OR FOR THE USE OF A NEPHEW OR NIECE OF THE DECEDENT IS:

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

31 (II) 5% OF THE CLEAR VALUE OF THE PROPERTY FOR DECEDENTS
32 DYING ON OR AFTER JULY 1, 2001.

1 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 7-203(k) and
2 (l), respectively, of Article - Tax - General of the Annotated Code of Maryland be
3 renumbered to be Section(s) 7-203(j) and (k), respectively.

4 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
5 read as follows:

6 **Article - Tax - General**

7 7-203.

8 (b) The inheritance tax does not apply to the receipt of property that passes
9 from a decedent to or for the use of:

- 10 (1) a grandparent of the decedent;
- 11 (2) a parent of the decedent;
- 12 (3) a spouse of the decedent;
- 13 (4) a child or other lineal descendant of the decedent;
- 14 (5) a spouse of a child or other lineal descendant of the decedent;
- 15 (6) a stepparent or stepchild of the decedent; [or]
- 16 (7) A BROTHER OR SISTER OF THE DECEDENT;
- 17 (8) A NIECE OR NEPHEW OF THE DECEDENT; OR
- 18 [(7)] (9) a corporation if all of its stockholders consist of the surviving
19 spouse, parents, stepparents, stepchildren, BROTHERS, SISTERS, NIECES, NEPHEWS,
20 and lineal descendants of the decedent and spouses of the lineal descendants.

21 7-204.

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

23 (b) [Except as provided in subsection (d) of this section, the] THE inheritance
24 tax rate is 10% of the clear value of the property that passes from a decedent.

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

27 [(d) (1) The inheritance tax rate for property that passes from a decedent to
28 or for the use of a brother or sister of the decedent is:

29 (i) 8% of the clear value of the property for decedents dying on or after
30 July 1, 1999 but before July 1, 2000;

1 (ii) 6% of the clear value of the property for decedents dying on or after
2 July 1, 2000 but before July 1, 2001; and

3 (iii) 5% of the clear value of the property for decedents dying on or after
4 July 1, 2001.

5 (2) The inheritance tax rate for property that passes from a decedent to
6 or for the use of a nephew or niece of the decedent is:

7 (i) 6% of the clear value of the property for decedents dying on or
8 after July 1, 2000 but before July 1, 2001; and

9 (ii) 5% of the clear value of the property for decedents dying on or
10 after July 1, 2001.]

11 SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
12 take effect July 1, 2002 and shall be applicable to all decedents dying on or after July
13 1, 2002.

14 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
15 Section 4 of this Act, this Act shall take effect July 1, 2000 and shall be applicable to
16 all decedents dying on or after July 1, 2000.