

SENATE BILL 1

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Q7

2000 Regular Session  
0lr0496

(PRE-FILED)

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By: **Senators Miller and Bromwell**  
Requested: September 14, 1999  
Introduced and read first time: January 12, 2000  
Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Inheritance Tax - Exemption for Direct Beneficiaries**

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; providing for the  
6 application of this Act; and generally relating to an exemption from the  
7 inheritance tax for certain property that passes from a decedent to or for the use  
8 of certain relatives of a decedent or to or for the use of a corporation owned by  
9 certain relatives of a decedent.

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

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

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

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

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**Article - Tax - General**

2 7-203.

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

7 (1) A GRANDPARENT OF THE DECEDENT;

8 (2) A PARENT OF THE DECEDENT;

9 (3) A SPOUSE OF THE DECEDENT;

10 (4) A CHILD OR OTHER LINEAL DESCENDANT OF THE DECEDENT;

11 (5) A SPOUSE OF A CHILD OR OTHER LINEAL DESCENDANT OF THE  
12 DECEDENT;

13 (6) A STEPPARENT OR STEPCHILD OF THE DECEDENT; OR

14 (7) A CORPORATION IF ALL OF ITS STOCKHOLDERS CONSIST OF THE  
15 SURVIVING SPOUSE, PARENTS, STEPPARENTS, STEPCHILDREN, AND LINEAL  
16 DESCENDANTS OF THE DECEDENT AND SPOUSES OF THE LINEAL DESCENDANTS.

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

19 (1) an interest in property that is held in the name of the decedent and  
20 the surviving spouse and passes by right of survivorship;

21 (2) real property, including leasehold property; or

22 (3) the first \$100,000 of property other than:

23 (i) real property, including leasehold property; or

24 (ii) an interest in property that passes by right of survivorship.]

25 7-204.

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

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

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

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

- 1 (i) a grandparent of the decedent;
- 2 (ii) a parent of the decedent;
- 3 (iii) a spouse of the decedent;
- 4 (iv) a child or other lineal descendant of the decedent;
- 5 (v) a stepparent or stepchild of the decedent; or
- 6 (vi) a corporation if all of its stockholders consist of the surviving  
7 spouse, parents, stepparents, stepchildren, and lineal descendants of the decedent,  
8 and spouses of the lineal descendants; and

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

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

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

16 (1) 8% of the clear value of the property for decedents dying on or after  
17 July 1, 1999 but before July 1, 2000;

18 (2) 6% of the clear value of the property for decedents dying on or after  
19 July 1, 2000 but before July 1, 2001; and

20 (3) 5% of the clear value of the property for decedents dying on or after  
21 July 1, 2001.

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

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 July 1, 2000 and shall be applicable to all decedents dying on or after July 1, 2000.