

SENATE BILL 1

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2000 Regular Session
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(PRE-FILED)

By: **Senators Miller and Bromwell**

Requested: September 14, 1999

Introduced and read first time: January 12, 2000

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 27, 2000

CHAPTER _____

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

1 to be Section 7-203(j) and (k), respectively
2 Annotated Code of Maryland
3 (1997 Replacement Volume and 1999 Supplement)

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

6 **Article - Tax - General**

7 7-203.

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

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

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

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

30 7-204.

31 (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) The inheritance tax rate for property that passes from a decedent to
20 or for the use of a brother or sister of the decedent is:

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

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

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

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

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

