

HOUSE BILL 648

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Q7

2001 Regular Session  
11r1730  
CF 11r2728

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By: **Delegates Mandel, Barkley, Bartlett, Barve, Brinkley, Bronrott, Carlson, Clagett, Conroy, Cryor, DeCarlo, Dypski, Franchot, Gordon, Greenip, Hammen, Heller, Klima, Love, Menes, Pendergrass, Petzold, Ports, Redmer, Rosso, Rzepkowski, Shank, Sher, and Shriver**

Introduced and read first time: February 7, 2001

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Inheritance Tax - Nephews and Nieces**

3 FOR the purpose of altering the inheritance tax rate applicable to property that  
4 passes from a decedent to or for the use of certain relatives of the decedent  
5 under certain circumstances; providing an exemption from the inheritance tax  
6 for certain property that passes from a decedent to or for the use of certain  
7 relatives of the decedent under certain circumstances; providing for the  
8 application of this Act; providing for the termination of certain provisions of this  
9 Act; providing a delayed effective date for certain provisions of this Act; and  
10 generally relating to the application of the inheritance tax to property that  
11 passes from a decedent to or for the use of certain relatives of the decedent  
12 under certain circumstances.

13 BY repealing and reenacting, with amendments,  
14 Article - Tax - General  
15 Section 7-204  
16 Annotated Code of Maryland  
17 (1997 Replacement Volume and 2000 Supplement)

18 BY adding to  
19 Article - Tax - General  
20 Section 7-203(1)  
21 Annotated Code of Maryland  
22 (1997 Replacement Volume and 2000 Supplement)

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

1 **Article - Tax - General**

2 7-204.

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

4 (b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE  
5 inheritance tax rate is 10% of the clear value of the property that passes from a  
6 decedent.

7 (C) (1) IN THIS SUBSECTION, "HEIRS" HAS THE MEANING STATED IN § 1-101  
8 OF THE ESTATES AND TRUSTS ARTICLE.

9 (2) IF A DECEDENT DIED HAVING NO LIVING HEIRS TO WHOM THE  
10 EXEMPTION UNDER § 7-203(B) OF THIS SUBTITLE WOULD APPLY, THE INHERITANCE  
11 TAX RATE FOR PROPERTY THAT PASSES FROM THE DECEDENT TO OR FOR THE USE  
12 OF A NEPHEW OR NIECE OF THE DECEDENT IS:

13 (I) FOR DECEDENTS DYING ON OR AFTER JULY 1, 2001, BUT  
14 BEFORE JULY 1, 2002, 6% OF THE CLEAR VALUE OF THE PROPERTY; AND

15 (II) FOR DECEDENTS DYING ON OR AFTER JULY 1, 2002, BUT  
16 BEFORE JULY 1, 2003, 5% OF THE CLEAR VALUE OF THE PROPERTY.

17 [(c)] (D) 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 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
20 read as follows:

21 **Article - Tax - General**

22 7-203.

23 (L) (1) IN THIS SUBSECTION, "HEIRS" HAS THE MEANING STATED IN § 1-101  
24 OF THE ESTATES AND TRUSTS ARTICLE.

25 (2) IF A DECEDENT DIED HAVING NO LIVING HEIRS TO WHOM THE  
26 EXEMPTION UNDER SUBSECTION (B) OF THIS SECTION WOULD APPLY, THE  
27 INHERITANCE TAX DOES NOT APPLY TO THE RECEIPT OF PROPERTY THAT PASSES  
28 FROM THE DECEDENT TO OR FOR THE USE OF A NEPHEW OR NIECE OF THE  
29 DECEDENT.

30 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
31 take effect July 1, 2001, and shall be applicable to decedents dying on or after July 1,  
32 2001, but before July 1, 2003. It shall remain effective for a period of 2 years and, at  
33 the end of June 30, 2003, with no further action required by the General Assembly,  
34 Section 1 of this Act shall be abrogated and of no further force and effect.

1 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
2 Section 3 of this Act, this Act shall take effect July 1, 2001, and shall be applicable to  
3 decedents dying on or after July 1, 2003.