
By: **Senator Ruben**

Introduced and read first time: February 2, 2001

Assigned to: Budget and Taxation

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:

25 **Article - Tax - General**

26 7-204.

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

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

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

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

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

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

14 [(c)] (D) If a decedent died on or before May 31, 1975, the rate of the
15 inheritance tax is the rate in effect on the date of the decedent's death.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
17 read as follows:

18 **Article - Tax - General**

19 7-203.

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

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

27 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
28 take effect July 1, 2001, and shall be applicable to decedents dying on or after July 1,
29 2001, but before July 1, 2003. It shall remain effective for a period of 2 years and, at
30 the end of June 30, 2003, with no further action required by the General Assembly,
31 Section 1 of this Act shall be abrogated and of no further force and effect.

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