
By: **Delegates Hixson, Bozman, C. Davis, Gordon, Healey, Howard, Marriott,
and Patterson**

Introduced and read first time: February 4, 2004

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Estate Tax - Unified Credit Effective Exemption Amount**

3 FOR the purpose of limiting the unified credit used for determining the Maryland
4 estate tax to the applicable credit amount corresponding to a certain applicable
5 exclusion amount under the federal estate tax; requiring a person responsible
6 for paying the inheritance tax to file an estate tax return and pay the estate tax
7 under certain circumstances; providing for the application of this Act; and
8 generally relating to the Maryland estate tax.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 7-309
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 2003 Supplement)

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

16 **Article - Tax - General**

17 7-309.

18 (a) Notwithstanding an Act of Congress that repeals or reduces the federal
19 credit under § 2011 of the Internal Revenue Code, the provisions of this subtitle in
20 effect before the passage of the Act of Congress shall apply with respect to a decedent
21 who dies after the effective date of the Act of Congress so as to continue the Maryland
22 estate tax in force without reduction in the same manner as if the federal credit had
23 not been repealed or reduced.

24 (b) (1) Except as provided in [paragraph (2)] PARAGRAPHS (2) AND (3) of this
25 subsection, after the effective date of an Act of Congress described in subsection (a) of
26 this section, the Maryland estate tax shall be determined using:

1 (i) the federal credit allowable by § 2011 of the Internal Revenue
2 Code as in effect before the reduction or repeal of the federal credit pursuant to the
3 Act of Congress; and

4 (ii) other provisions of federal estate tax law[, including the
5 applicable unified credit allowed against the federal estate tax,] as in effect on the
6 date of the decedent's death.

7 (2) [If] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,
8 IF the federal estate tax is not in effect on the date of the decedent's death, the
9 Maryland estate tax shall be determined using:

10 (i) the federal credit allowable by § 2011 of the Internal Revenue
11 Code as in effect before the reduction or repeal of the federal credit pursuant to the
12 Act of Congress; and

13 (ii) other provisions of federal estate tax law[, including the
14 applicable unified credit allowed against the federal estate tax,] as in effect on the
15 date immediately preceding the effective date of the repeal of the federal estate tax.

16 (3) NOTWITHSTANDING ANY INCREASE IN THE UNIFIED CREDIT
17 ALLOWED AGAINST THE FEDERAL ESTATE TAX FOR DECEDENTS DYING AFTER 2003,
18 THE UNIFIED CREDIT USED FOR DETERMINING THE MARYLAND ESTATE TAX MAY
19 NOT EXCEED THE APPLICABLE CREDIT AMOUNT CORRESPONDING TO AN
20 APPLICABLE EXCLUSION AMOUNT OF \$1,000,000 WITHIN THE MEANING OF § 2010(C)
21 OF THE INTERNAL REVENUE CODE.

22 (4) IF A FEDERAL ESTATE TAX RETURN IS NOT REQUIRED TO BE FILED,
23 THE PERSON RESPONSIBLE FOR PAYING THE INHERITANCE TAX ON PROPERTY THAT
24 PASSES FROM A DECEDENT UNDER SUBTITLE 2 OF THIS TITLE IS RESPONSIBLE FOR
25 FILING A MARYLAND ESTATE TAX RETURN AND PAYING THE MARYLAND ESTATE TAX
26 IMPOSED ON THE TRANSFER OF THE MARYLAND ESTATE OF THE DECEDENT.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
28 effect July 1, 2004, and shall be applicable to all decedents dying after December 31,
29 2003.