
By: **Senators Hafer and Harris**

Introduced and read first time: February 23, 2004

Assigned to: Rules

Re-referred to: Budget and Taxation, February 27, 2004

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 3, 2004

CHAPTER _____

1 AN ACT concerning

2 **Inheritance Tax - ~~Former~~ Stepchildren and ~~Former~~ Stepparents of a**
3 **Decedent**

4 FOR the purpose of ~~including~~ defining certain terms for purposes of certain
5 inheritance tax exemptions to include former stepchildren and former
6 stepparents within an exemption under the inheritance tax for certain property
7 that passes from a decedent to or for the use of certain relatives of a decedent or
8 to or for the use of a corporation owned by certain relatives of a decedent;
9 altering a certain exemption under the inheritance tax to include spouses and
10 lineal descendants of certain individuals within the exemption; providing for the
11 application of this Act; and generally relating to the inheritance tax treatment of
12 certain property passing from a decedent to or for the use of ~~former stepchildren~~
13 ~~or former stepparents~~ certain relatives of a decedent.

14 BY repealing and reenacting, with amendments,
15 Article - Tax - General
16 Section 7-203(b)
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2003 Supplement)

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

1

Article - Tax - General

2 7-203.

3 (b) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
 4 MEANINGS INDICATED.

5 (II) "CHILD" INCLUDES A STEPCHILD OR FORMER STEPCHILD.

6 (III) "PARENT" INCLUDES A STEPPARENT OR FORMER STEPPARENT.

7 (2) The inheritance tax does not apply to the receipt of property that
 8 passes from a decedent to or for the use of:

9 (1) (I) a grandparent of the decedent;

10 (2) (II) a parent of the decedent;

11 (3) (III) a spouse of the decedent;

12 (4) (IV) a child OF THE DECEDENT or ~~other~~ A lineal descendant of A
 13 CHILD OF the decedent;

14 (5) (V) a spouse of a child OF THE DECEDENT or ~~other~~ A SPOUSE OF A
 15 lineal descendant OF A CHILD OF of the decedent;

16 (6) a stepparent [or], stepchild, ~~FORMER STEPPARENT, OR FORMER~~
 17 ~~STEPCHILD~~ of the decedent;

18 (7) (VI) a brother or sister of the decedent; or

19 (8) (VII) a corporation if all of its stockholders consist of ~~the surviving~~
 20 ~~spouse, parents, stepparents, stepchildren, FORMER STEPPARENTS, FORMER~~
 21 ~~STEPCHILDREN, brothers, sisters, and lineal descendants of the decedent and spouses~~
 22 ~~of the lineal descendants~~ INDIVIDUALS SPECIFIED IN ITEMS (I) THROUGH (VI) OF THIS
 23 PARAGRAPH.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the provisions of §
 25 7-203(b)(1) of the Tax - General Article as enacted under this Act are intended to be
 26 corrective and clarifying in nature and shall be applicable retroactively.

27 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take
 28 effect July 1, 2004, and, except as provided in Section 2 of this Act, shall be applicable
 29 to all decedents dying on or after July 1, 2004.

