
By: **Senator Giannetti**

Introduced and read first time: February 3, 2006

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 28, 2006

CHAPTER_____

1 AN ACT concerning

2 **Inheritance Tax - Exemption for Property Passing to Family Partnership or**
3 **Limited Liability Company**

4 FOR the purpose of providing an exemption from the inheritance tax for certain
5 property passing to or for the use of certain partnerships or limited liability
6 companies consisting of certain family members; providing for the application of
7 this Act; and generally relating to an exemption under the inheritance tax for
8 certain property passing to or for the use of certain partnerships or limited
9 liability companies consisting of certain family members.

10 BY repealing and reenacting, with amendments,
11 Article - Tax - General
12 Section 7-203(b)
13 Annotated Code of Maryland
14 (2004 Replacement Volume and 2005 Supplement)

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

17 **Article - Tax - General**

18 7-203.

19 (b) (1) (i) In this subsection the following words have the meanings
20 indicated.

21 (ii) "Child" includes a stepchild or former stepchild.

1 (iii) "Parent" includes a stepparent or former stepparent.

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

4 (i) a grandparent of the decedent;

5 (ii) a parent of the decedent;

6 (iii) a spouse of the decedent;

7 (iv) a child of the decedent or a lineal descendant of a child of the
8 decedent;

9 (v) a spouse of a child of the decedent or a spouse of a lineal
10 descendant of a child of the decedent;

11 (vi) a brother or sister of the decedent; or

12 (vii) a corporation, PARTNERSHIP, OR LIMITED LIABILITY COMPANY
13 if all of its stockholders, PARTNERS, OR MEMBERS consist of individuals specified in
14 items (i) through (vi) of this paragraph.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2006, and shall be applicable to all decedents dying after June 30, 2006.