

SENATE BILL 523

Q7

8lr2442
CF HB 668

By: **Senators Robey, Forehand, Madaleno, Raskin, and Rosapepe**

Introduced and read first time: February 1, 2008

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

Inheritance Tax – Exemptions – Domestic Partners

3 FOR the purpose of providing an exemption from the inheritance tax for certain
4 property that passes from a decedent to or for the use of a domestic partner of a
5 decedent or to or for the use of a domestic partner of a child of the decedent or a
6 domestic partner of a lineal descendant of a child of the decedent under certain
7 circumstances; providing an exemption from the inheritance tax for certain
8 amounts received by a decedent because the decedent was a domestic partner of
9 a Holocaust victim under certain circumstances; defining certain terms;
10 providing for the application of this Act; and generally relating to exemptions
11 from the inheritance tax for certain property that passes from a decedent to or
12 for the use of a certain domestic partner of a decedent.

13 BY repealing and reenacting, with amendments,

14 Article – Tax – General

15 Section 7-203(b) and (k)

16 Annotated Code of Maryland

17 (2004 Replacement Volume and 2007 Supplement)

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

Article – Tax – General

21 7-203.

22 (b) (1) (i) In this subsection the following words have the meanings
23 indicated.

24 (ii) “Child” includes a stepchild or former stepchild.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(III) "DOMESTIC PARTNER" MEANS AN INDIVIDUAL IN A RELATIONSHIP BETWEEN TWO INDIVIDUALS WHO:

1. ARE AT LEAST 18 YEARS OLD;

**2. ARE NOT RELATED TO EACH OTHER BY BLOOD OR
MARRIAGE WITHIN FOUR DEGREES OF CONSANGUINITY UNDER CIVIL LAW RULE;**

**3. ARE NOT MARRIED OR IN A CIVIL UNION OR
DOMESTIC PARTNERSHIP WITH ANOTHER INDIVIDUAL;**

4. AGREE TO BE IN A RELATIONSHIP OF MUTUAL INTERDEPENDENCE IN WHICH EACH INDIVIDUAL CONTRIBUTES TO THE MAINTENANCE AND SUPPORT OF THE OTHER INDIVIDUAL AND THE RELATIONSHIP, EVEN IF BOTH INDIVIDUALS ARE NOT REQUIRED TO CONTRIBUTE EQUALLY TO THE RELATIONSHIP; AND

5. SHARE A COMMON RESIDENCE WHERE BOTH INDIVIDUALS LIVE, EVEN IF:

A. ONE INDIVIDUAL LEAVES THE COMMON RESIDENCE ON A SHORT-TERM OR LONG-TERM BASIS, WITH THE INTENT TO RETURN TO THE COMMON RESIDENCE;

**B. ONLY ONE OF THE INDIVIDUALS HAS THE RIGHT
TO LEGAL POSSESSION OF THE COMMON RESIDENCE; OR**

C. ONE OF THE INDIVIDUALS HAS AN ADDITIONAL RESIDENCE.

(IV) "EVIDENCE OF A DOMESTIC PARTNERSHIP" MEANS:

1. AN AFFIDAVIT SIGNED UNDER PENALTY OF
PERJURY BY TWO INDIVIDUALS STATING THAT THEY HAVE ESTABLISHED A
DOMESTIC PARTNERSHIP; AND

2. EVIDENCE OF ANY TWO OF THE FOLLOWING:

A. JOINT LIABILITY OF THE INDIVIDUALS FOR A MORTGAGE, LEASE, OR LOAN:

B. THE DESIGNATION OF ONE OF THE INDIVIDUALS AS THE PRIMARY BENEFICIARY UNDER A LIFE INSURANCE POLICY ON THE LIFE

1 **OF THE OTHER INDIVIDUAL OR UNDER A RETIREMENT PLAN OF THE OTHER**
2 **INDIVIDUAL;**

3 **C. THE DESIGNATION OF ONE OF THE INDIVIDUALS**
4 **AS THE PRIMARY BENEFICIARY OF THE WILL OF THE OTHER INDIVIDUAL;**

5 **D. A DURABLE POWER OF ATTORNEY FOR HEALTH**
6 **CARE OR FINANCIAL MANAGEMENT GRANTED BY ONE OF THE INDIVIDUALS TO**
7 **THE OTHER INDIVIDUAL;**

8 **E. JOINT OWNERSHIP OR LEASE BY THE**
9 **INDIVIDUALS OF A MOTOR VEHICLE;**

10 **F. A JOINT CHECKING ACCOUNT, JOINT**
11 **INVESTMENTS, OR A JOINT CREDIT ACCOUNT;**

12 **G. A JOINT RENTER'S OR HOMEOWNER'S INSURANCE**
13 **POLICY;**

14 **H. COVERAGE ON A HEALTH INSURANCE POLICY;**

15 **I. JOINT RESPONSIBILITY FOR CHILD CARE, SUCH**
16 **AS GUARDIANSHIP OR SCHOOL DOCUMENTS;**

17 **J. A RELATIONSHIP OR COHABITATION CONTRACT;**
18 **OR**

19 **K. DOCUMENTATION OF A MARRIAGE, CIVIL UNION,**
20 **OR DOMESTIC PARTNERSHIP ENTERED INTO SUBJECT TO THE LAWS OF THE**
21 **UNITED STATES, ANY STATE, OR LOCAL OR FOREIGN JURISDICTION.**

22 [(iii)] (v) "Parent" includes a stepparent or former stepparent.

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

25 (i) a grandparent of the decedent;

26 (ii) a parent of the decedent;

27 (iii) a spouse of the decedent;

28 (iv) a child of the decedent or a lineal descendant of a child of the
29 decedent;

1 (v) a spouse of a child of the decedent or a spouse of a lineal
2 descendant of a child of the decedent;

3 (vi) a brother or sister of the decedent; [or]

4 (vii) a corporation, partnership, or limited liability company if all
5 of its stockholders, partners, or members consist of individuals specified in items (i)
6 through (vi) of this paragraph;

(VIII) A DOMESTIC PARTNER OF THE DECEDENT IF THE
DOMESTIC PARTNER PROVIDES EVIDENCE OF A DOMESTIC PARTNERSHIP; OR

13 (k) (1) (i) In this subsection the following words have the meanings
14 indicated.

15 (II) "DOMESTIC PARTNER" AND "EVIDENCE OF A DOMESTIC
16 PARTNERSHIP" HAVE THE MEANINGS STATED IN SUBSECTION (B) OF THIS
17 SECTION.

29 [(iii)] (IV) “Nazi Germany” means:

34 (2) The inheritance tax does not apply to the receipt of property that
35 is:

4 (ii) amounts received by a decedent as reparations or restitution
5 for the loss of liberty or damage to the health of the decedent because the decedent
6 was:

7 1. a Holocaust victim; [or]

3. A DOMESTIC PARTNER OF A HOLOCAUST VICTIM

10 IF THE DOMESTIC PARTNER OF THE DECEDENT PROVIDES EVIDENCE OF A
11 DOMESTIC PARTNERSHIP.

12 (3) The exclusion under paragraph (2) of this subsection includes
13 interest on the proceeds receivable as insurance under policies issued by European
14 insurance companies prior to and during World War II to a Holocaust victim.

15 (4) The exclusion under paragraph (2) of this subsection does not
16 include:

17 (i) assets acquired with the assets described in paragraph (2) of
18 this subsection; or

19 (ii) assets acquired with the proceeds from the sale of the assets
20 described in paragraph (2) of this subsection.

21 (5) The subtraction under paragraph (2)(i) of this subsection shall only
22 apply if the decedent:

23 (i) was the first recipient of the assets described in paragraph
24 (2)(i) of this subsection after their recovery; and

25 (ii) was:

26 1. a Holocaust victim; [or]

3. A DOMESTIC PARTNER OF A HOLOCAUST VICTIM

29 IF THE DOMESTIC PARTNER OF THE DECEDENT PROVIDES EVIDENCE OF A
30 DOMESTIC PARTNERSHIP.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2008, and shall be applicable to all decedents dying on or after July 1, 2008.