

# SENATE BILL 658

Q3, Q7

3lr1826  
CF 3lr1944

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By: **Senators King, Brinkley, Currie, Ferguson, Garagiola, Manno,  
Montgomery, Raskin, and Robey**

Introduced and read first time: February 1, 2013

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Estate Tax and Income Tax – Qualifying Income Interest for Life and**  
3 **Subtraction Modification for Health Insurance and Medical Expenses**

4 FOR the purpose of altering the qualifications for a qualified income interest for life  
5 under the Maryland estate tax to include individuals recognized as married by  
6 the State; providing a subtraction modification under the Maryland income tax  
7 for the costs of health insurance and other medical expenses incurred by an  
8 individual on behalf of another adult individual under certain circumstances;  
9 providing that the subtraction may not exceed a certain amount; providing for  
10 the application of this Act; and generally relating to the calculation of the  
11 Maryland estate tax for certain individuals and an income tax subtraction  
12 modification for the costs of health insurance and other medical expenses  
13 incurred on behalf of another adult individual.

14 BY repealing and reenacting, with amendments,  
15 Article – Tax – General  
16 Section 7–309(b)(6)  
17 Annotated Code of Maryland  
18 (2010 Replacement Volume and 2012 Supplement)

19 BY repealing and reenacting, without amendments,  
20 Article – Tax – General  
21 Section 10–208(a)  
22 Annotated Code of Maryland  
23 (2010 Replacement Volume and 2012 Supplement)

24 BY adding to  
25 Article – Tax – General  
26 Section 10–208(t)  
27 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2010 Replacement Volume and 2012 Supplement)

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

4 **Article – Tax – General**

5 7–309.

6 (b) (6) (i) For purposes of calculating Maryland estate tax, a decedent  
7 shall be deemed to have had a qualifying income interest for life under § 2044(a) of the  
8 Internal Revenue Code with regard to any property for which a marital deduction  
9 qualified terminable interest property election was made for the decedent's  
10 predeceased spouse on a timely filed Maryland estate tax return under paragraph (5)  
11 of this subsection.

12 **(II) FOR PURPOSES OF CALCULATING MARYLAND ESTATE**  
13 **TAX UNDER THIS PARAGRAPH, A QUALIFYING INCOME INTEREST FOR LIFE**  
14 **SHALL INCLUDE THOSE OF INDIVIDUALS RECOGNIZED BY THE STATE AS**  
15 **LAWFULLY MARRIED.**

16 **[(ii)] (III)** For the purpose of apportioning Maryland estate tax  
17 under § 7–308 of this subtitle, any property as to which a decedent is deemed to have  
18 had a qualifying income interest for life under **[subparagraph] SUBPARAGRAPHS (i)**  
19 **AND (II)** of this paragraph shall be deemed to be included in both the estate and the  
20 taxable estate of the decedent.

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

23 10–208.

24 (a) In addition to the modification under § 10–207 of this subtitle, the  
25 amounts under this section are subtracted from the federal adjusted gross income of a  
26 resident to determine Maryland adjusted gross income.

27 **(T) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**  
28 **SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES 100% OF**  
29 **THE COSTS OF HEALTH INSURANCE AND OTHER MEDICAL EXPENSES THAT AN**  
30 **INDIVIDUAL INCURS ON BEHALF OF ANOTHER INDIVIDUAL IF THE OTHER**  
31 **INDIVIDUAL:**

32 **(I) IS NOT A DEPENDENT, AS DEFINED UNDER § 152 OF THE**  
33 **INTERNAL REVENUE CODE;**

1                   **(II) IS AT LEAST 18 YEARS OF AGE; AND**

2                   **(III) RESIDES IN THE SAME HOUSEHOLD AS THE INDIVIDUAL**  
3 **CLAIMING THE SUBTRACTION MODIFICATION.**

4                   **(2) THE SUBTRACTION UNDER THIS SUBSECTION MAY NOT**  
5 **EXCEED \$5,000 FOR ANY TAXABLE YEAR.**

6                   SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
7 be applicable to decedents dying after December 31, 2012.

8                   SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
9 Section 3 of this Act, this Act shall take effect July 1, 2013 and shall be applicable to  
10 all taxable years beginning after December 31, 2012.