

SENATE BILL 602

Q7

4lr2436  
CF HB 739

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By: **The President and Senators Forehand, Astle, Benson, Brinkley, Brochin, Colburn, Conway, Currie, DeGrange, Dyson, Edwards, Feldman, Getty, Gladden, Glassman, Jennings, Kasemeyer, Kelley, King, Kittleman, Klausmeier, Mathias, McFadden, Middleton, Miller, ~~Montgomery~~, Peters, Pugh, Robey, Stone, Young, ~~and Zirkin~~ Zirkin, Reilly, Shank, and Simonaire Simonaire, and Hershey**

Introduced and read first time: January 30, 2014  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted with floor amendments  
Read second time: March 14, 2014  
Returned to second reading: March 15, 2014  
Senate action: Adopted with floor amendments  
Read second time: March 15, 2014

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Estate Tax – Unified Credit**

3 FOR the purpose of altering the size of an estate required to file an estate tax return;  
4 altering a certain limit on the unified credit used for determining the Maryland  
5 estate tax; repealing a certain limit on the unified credit used for determining  
6 the Maryland estate tax for decedents dying after a certain date; altering a  
7 certain limitation on the amount of the Maryland estate tax; making a  
8 conforming change; and generally relating to the Maryland estate tax.

9 BY repealing and reenacting, without amendments,  
10 Article – Tax – General  
11 Section 7–309(a)  
12 Annotated Code of Maryland  
13 (2010 Replacement Volume and 2013 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Tax – General

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 7-305(b) and 7-309(b)(1), (2), and (3) and (c)(3)  
2 Annotated Code of Maryland  
3 (2010 Replacement Volume and 2013 Supplement)

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

6 **Article – Tax – General**

7 7-305.

8 (b) If a federal estate tax return is not required to be filed but a federal  
9 estate tax return would be required to be filed if the applicable exclusion amount  
10 under § 2010(c) of the Internal Revenue Code were no greater than [\$1,000,000] THE  
11 APPLICABLE EXCLUSION AMOUNT SPECIFIED UNDER § 7-309(B) OF THIS  
12 SUBTITLE, the person who would be responsible for filing the federal estate tax return  
13 shall complete, under oath, and file a Maryland estate tax return with the Comptroller  
14 or the register 9 months after the date of the death of the decedent.

15 7-309.

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

22 (b) (1) Except as provided in paragraphs (2) through (8) of this subsection  
23 and subsection (c) of this section, after the effective date of an Act of Congress  
24 described in subsection (a) of this section, the Maryland estate tax shall be determined  
25 using:

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

29 (ii) other provisions of federal estate tax law, **INCLUDING THE**  
30 **APPLICABLE UNIFIED CREDIT ALLOWED AGAINST THE FEDERAL ESTATE TAX**, as  
31 in effect on the date of the decedent's death.

32 (2) Except as provided in paragraphs (3) through (8) of this subsection  
33 and subsection (c) of this section, if the federal estate tax is not in effect on the date of  
34 the decedent's death, the Maryland estate tax shall be determined using:

1 (i) the federal credit allowable by § 2011 of the Internal  
2 Revenue Code as in effect before the reduction or repeal of the federal credit pursuant  
3 to the 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  
6 in effect on the date immediately preceding the effective date of the repeal of the  
7 federal estate tax.

8 (3) (i) Notwithstanding any increase in the unified credit allowed  
9 against the federal estate tax for decedents dying after 2003, the unified credit used  
10 for determining the Maryland estate tax **FOR A DECEDENT DYING BEFORE**  
11 **JANUARY 1, ~~2017~~ 2019**, may not exceed the applicable credit amount corresponding  
12 to an applicable exclusion amount [of \$1,000,000], within the meaning of § 2010(c) of  
13 the Internal Revenue Code, **OF:**

14 1. **\$1,000,000 FOR A DECEDENT DYING BEFORE**  
15 **JANUARY 1, ~~2014~~ 2015;**

16 2. ~~\$1,750,000~~ **\$1,500,000** FOR A DECEDENT DYING  
17 **ON OR AFTER JANUARY 1, ~~2014~~ 2015, BUT BEFORE JANUARY 1, ~~2015~~ 2016;**

18 3. ~~\$2,500,000~~ **\$2,000,000** FOR A DECEDENT DYING  
19 **ON OR AFTER JANUARY 1, ~~2015~~ 2016, BUT BEFORE JANUARY 1, ~~2016~~ 2017; AND**

20 4. ~~\$3,500,000~~ **\$3,000,000** FOR A DECEDENT DYING  
21 **ON OR AFTER JANUARY 1, ~~2016~~ 2017, BUT BEFORE JANUARY 1, ~~2017~~ 2018; AND**

22 5. **\$4,000,000 FOR A DECEDENT DYING ON OR AFTER**  
23 **JANUARY 1, 2018, BUT BEFORE JANUARY 1, 2019.**

24 (ii) The Maryland estate tax shall be determined without regard  
25 to any deduction for State death taxes allowed under § 2058 of the Internal Revenue  
26 Code.

27 (iii) Unless the federal credit allowable by § 2011 of the Internal  
28 Revenue Code is in effect on the date of the decedent's death, the federal credit used to  
29 determine the Maryland estate tax may not exceed 16% of the amount by which the  
30 decedent's taxable estate, as defined in § 2051 of the Internal Revenue Code, exceeds:

31 1. **\$1,000,000 FOR A DECEDENT DYING BEFORE**  
32 **JANUARY 1, ~~2014~~ 2015;**

33 2. ~~\$1,750,000~~ **\$1,500,000** FOR A DECEDENT DYING  
34 **ON OR AFTER JANUARY 1, ~~2014~~ 2015, BUT BEFORE JANUARY 1, ~~2015~~ 2016;**

1                   3.    ~~\$2,500,000~~ \$2,000,000 FOR A DECEDENT DYING  
2 ON OR AFTER JANUARY 1, ~~2015~~ 2016, BUT BEFORE JANUARY 1, ~~2016~~ 2017;

3                   4.    ~~\$2,500,000~~ \$3,000,000 FOR A DECEDENT DYING  
4 ON OR AFTER JANUARY 1, ~~2016~~ 2017, BUT BEFORE JANUARY 1, ~~2017~~ 2018;

5                   5.    \$4,000,000 FOR A DECEDENT DYING ON OR AFTER  
6 JANUARY 1, 2018, BUT BEFORE JANUARY 1, 2019; AND

7                   ~~5.~~ 6. THE APPLICABLE EXCLUSION AMOUNT  
8 CORRESPONDING TO THE APPLICABLE UNIFIED CREDIT UNDER PARAGRAPH (1)  
9 OR (2) OF THIS SUBSECTION FOR A DECEDENT DYING ON OR AFTER JANUARY 1,  
10 ~~2017~~ 2019.

11           (c)   (3)   If the value of qualified agricultural property that passes from the  
12 decedent to or for the use of a qualified recipient exceeds \$5,000,000, the Maryland  
13 estate tax imposed on the Maryland estate of the decedent may not exceed the sum of:

14                   (i)   16% of the amount by which the decedent's taxable estate,  
15 excluding the value of all qualified agricultural property that passes from the decedent  
16 to or for the use of a qualified recipient, exceeds [\$1,000,000] THE APPLICABLE  
17 EXCLUSION AMOUNT SPECIFIED UNDER SUBSECTION (B) OF THIS SECTION; and

18                   (ii)   5% of the amount by which the value of qualified  
19 agricultural property that passes from the decedent to or for the use of a qualified  
20 recipient exceeds \$5,000,000.

21           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 2014.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.