

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 211

(Senator Folden)

Budget and Taxation

Maryland Estate Tax - Repeal

This bill repeals the Maryland estate tax. **The bill takes effect July 1, 2026, and applies to decedents dying on or after July 1, 2026.**

Fiscal Summary

State Effect: General fund revenues decrease by an estimated \$44.0 million in FY 2027. Future years reflect annualization and the current estate tax revenue forecast. General fund expenditures for the Comptroller's Office may decrease minimally beginning in FY 2027 (not shown below).

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	(\$44.0)	(\$182.5)	(\$186.5)	(\$190.2)	(\$193.8)
Expenditure	0	0	0	0	0
Net Effect	(\$44.0)	(\$182.5)	(\$186.5)	(\$190.2)	(\$193.8)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The estate tax is imposed on the transfer of the Maryland estate of a decedent who, at the time of death, was (1) a resident of the State or (2) a nonresident whose estate includes any interest in tangible real property located in the State or tangible personal property with a taxable *situs* in the State. The Maryland estate tax is based on the federal credit for death taxes paid as in effect on December 31, 2001, before the phase-out

and repeal of the credit under the federal Economic Growth and Tax Relief Reconciliation Act of 2001. Because the federal credit is calculated based on a marginal rate schedule, no tax rates are specified in Maryland statute. A top marginal rate of 16% is applied to the portion of the adjusted taxable estate in excess of \$10,040,000. Estates are allowed a credit against the Maryland estate tax for Maryland inheritance tax paid.

The unified credit allowed against the federal estate tax effectively excludes a portion of the taxable estate from taxation (applicable exclusion amount). Maryland decoupled from increases in the value of the federal unified credit allowed against the federal estate tax for decedents dying after 2003. For decedents dying after 2018, the unified credit for Maryland estate tax purposes is \$1,945,800 – the amount which effectively excludes the first \$5.0 million of the taxable estate from tax.

The federal Tax Cuts and Jobs Act of 2017 doubled the federal basic exclusion amounts for 2018 through 2025 only. For 2025, the federal basic exclusion amount is \$13.99 million. The One Big Beautiful Bill Act of 2025 permanently increased the federal basic exclusion amount to \$15.0 million for 2026 and inflation-adjusted amounts annually thereafter.

State Revenues: General fund revenues decrease by an estimated \$44.0 million in fiscal 2027, \$182.5 million in fiscal 2028, and similar amounts annually thereafter due to the bill's repeal of the estate tax for decedents dying on or after July 1, 2026.

State Expenditures: It is assumed that existing positions within the Comptroller's Office dedicated to estate tax auditing and administration are eventually redirected to other duties after such work phases out. However, general fund expenditures for the Comptroller's Office may decrease minimally beginning in fiscal 2027 due to the elimination of expenses related to updating estate tax forms.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Register of Wills; Internal Revenue Service; Department of Legislative Services

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sj/jrb

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