

**SB 432\_MDCC\_Inheritance Tax - Repeal\_FAV.pdf**

Uploaded by: Andrew Griffin

Position: FAV



**MARYLAND**  
Chamber of Commerce

**LEGISLATIVE POSITION:**

**Unfavorable**  
**Senate Bill 432**  
**Inheritance Tax – Repeal**  
**Senate Budget & Taxation Committee**

**Thursday, February 22, 2023**

Dear Chairwoman Griffith and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

The Chamber supports the effort to repeal the Maryland inheritance tax. Maryland is the only state that levies both an inheritance and estate tax on money left to their family or others. This is one of the reasons that Forbes Magazine has listed Maryland as one of the states “Where Not to Die”, and why we have seen a great out-migration of wealthy people from Maryland who have begun estate planning and realize the tax penalties they will face if they pass away in Maryland.

Since the 2004 changes to Maryland’s estate tax, the so-called “de-coupling” from the federal estate tax, Maryland small business owners have been facing very tough questions about how they need to plan for their estates due to the states onerous tax penalties of the inheritance and estate taxes. Many of these employers do not have a great deal of cash assets, however, their business are worth amounts over the \$1 million threshold in Maryland’s estate tax. In many cases, those who have been left an estate may face the tough decision of whether to liquidate a portion or to sell completely their business because they are not able to meet the estate and inheritance tax burdens.

The outflow of retired and soon-to-be retired people from the State is a very large drain of tax revenue, economic investment, charitable giving and consumer spending. The state needs to alter the inheritance and/or estate tax so that we can retain their investment here in Maryland. For these reasons, the Maryland Chamber supports this legislation to repeal the inheritance tax.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **favorable report** on **SB 432**.

**MDCHAMBER.ORG**

60 West Street, Suite 100, Annapolis 21401 | 410-269-0642

# **SB 432 Testimony - Jones.pdf**

Uploaded by: Elizabeth A Jones

Position: FAV

*Elizabeth A. Jones*  
*10604 August Court*  
*Williamsport, MD 21795*

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February 21, 2023

The Honorable Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
3 West Miller Senate Building  
Annapolis, MD 21401

Dear Chairman Guzzone and Committee Members,

I am writing to you today in support of Senate Bill 432 – Inheritance Tax - Tax Repeal.


My sister and I were recently the co-executors of our uncle's estate. He had a will drawn up shortly after our aunt, passed away suddenly in 2016. In the will he included his two sisters, one nephew and three nieces, two of which were my sister and myself. My aunt and uncle had no children of their own. Due to family circumstances when we were young, along with our grandparents, they basically raised us kids.

We loved both him and my aunt very much. In our hearts as they were just like our parents. They always referred to us as "their kids!" As a family, we took care of them just as they took care of us and our children all our lives. They were always just a phone call away. I know I would not be the person I am today without the love and guidance I had from them while growing up.

In 2020, four years after my aunt's passing, our uncle also passed away. Their beautiful home, which they built together in 1972, was still the way it was the day she died. The process of emptying the home to prepare it to be sold was heart breaking. So many memorable fun times were held there and to this day, my heart hurts when I drive by it. It was like ripping apart a life of memories as it was our home too. It was filled with our childhood memories, toys, books, pictures and holiday decorations. Every room had something in it to remind us of how much they truly loved us kids.

However, at the end of the process, when the estate checks were all to be written we, the nieces and nephews, were all subjected to the inheritance tax. You all know situations exist where stepchildren who rarely see the last living non-biological parent or even children who are estranged from a family have been listed as heirs in a will. Yet they are NOT subjected to this tax. Taking all that into consideration, I truly feel that we, the nieces and nephews, were penalized by having to pay this tax in the end.

Now is the time for this unfair tax to be repealed. I therefore respectfully ask for a favorable vote on Senate Bill 432.

  
Elizabeth A. Jones  
Washington County

**MSATP SB 432.pdf**

Uploaded by: Giavante Hawkins

Position: FAV



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**Giavante' Hawkins**  
*Executive Director*

To: Budget and Taxation Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: SB 432 Sponsor: : Senators Corderman, Bailey, Carozza, Folden, Ready, and Simonaire

Contact Person: Giavante Hawkins, Executive Director

Position: SUPPORT

Inheritance Tax – Repeal

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP), representing the voices of over 2,000 tax and accounting professional members, opposes this bill. As tax and accounting professionals serving over 700,000 Maryland residents, taking pleasure in assisting clients with their estate planning needs.

The repeal of the Maryland inheritance tax would reduce the administrative time and expense of the Personal Representative of a Maryland estate. It would also bring the Maryland estate laws in better alignment with neighboring states more friendly estate and inheritance tax laws.

We urge a favorable report on SB 432.

# **RepealInheritanceTax.pdf**

Uploaded by: Kimberly Lepine

Position: FAV

## In Support of Repealing the Inheritance Tax in Maryland

Dear Committee Members,

I am a 40-year-old resident of Maryland. I was born in DC and promptly driven from the hospital to my parents' townhouse in Prince George's County. With only a few short intermissions, I have remained in Maryland for the vast majority of my life.

In 2012, my grandfather died after battling brain cancer. My family and I were living with my parents at the time in a large house. He received hospice care for 11 months in their house while we lived with them. I was home with my new baby at the time. I had been unable to find work as a state certified teacher in the year before due to the state freezes on hiring that occurred during that time, so I spent a year caring for my new baby and being around while nurses cared for my grandfather. I was blessed to spend those last months of his life with him.

He was a loving and frugal man. He owned a business and he treated his employees with respect and dignity. I worked in the family business as a teen and young adult. I was paid \$15/hour for this work.

My grandmother gave me 10k to buy a house in 2005. That is the only inheritance I have ever received.

I didn't directly inherit anything when my grandfather died. What did happen, however, was that people who knew him or knew of him began patronizing me. They lied to me and told me that my five year old had a disease that he didn't have. Some of them were private and public school administrators. They told me that my son couldn't attend normal schools due to his disability and that the only school that he could attend cost over 40k/year. My mother and I split the tuition for seven years until I sought testing for my son in Pennsylvania by child development expert there and learned that he did not, in fact, have a disability at all. These events occurred in the early-late 2010s. My son is a junior in high school now and will be taking his first AP tests in a Maryland Public School in May. He can drive and competes in swimming with his friends. He successfully took his first SAT in a Maryland Public School last March.

In revisiting what I was told by these so-called child development experts, I realized that they believed that I inherited money from my grandfather when he died and they assumed that I was using that money to pay the lofty tuition. They were wrong. We were paying out of my husband's income and my mother was paying her share out of her income from the business as she wound it down.

While I have not directly been impacted by the inheritance tax in Maryland as it stands today, I know what it is like to be harassed and threatened when a relative dies. I don't want to see families who are successful driven from our state because our laws are no better than the gossips and jealous people who used my five-year-old child to defraud me of 175k of income because they incorrectly assumed that I inherited it. No Maryland resident should have to spend down their money before they die in order to stay here and in order for their family to stay here. We have to change the culture of greed and envy in order to keep Marylanders in Maryland. Repealing this inheritance tax is a start.

With respect,  
Kimberly Lepine (Bulka)



# **SB 432 Sen Corderman Testimony.pdf**

Uploaded by: Paul Corderman

Position: FAV

**PAUL D. CORDERMAN**  
*Legislative District 2*  
Frederick and Washington Counties

Budget and Taxation Committee

*Subcommittees*

Capital Budget

Education, Business and Administration



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**THE SENATE OF MARYLAND**  
**ANNAPOLIS, MARYLAND 21401**

February 22, 2023

Senate Budget & Taxation Committee  
Chairman Guy Guzzone  
Vice Chair Jim Rosapepe  
3 West  
Miller Senate Office Building  
Annapolis, MD 21401

**Testimony in Support of Senate Bill SB 432 Inheritance Tax - Repeal**

Chairman Guzzone, Vice Chair Rosapepe, & Members of the Budget & Taxation Committee,

Thank you for the opportunity to present SB 432 this afternoon. Currently, Maryland is one of only six states in the Country that impose an inheritance tax and the current rate is 10%. Marylanders who have lived, worked, raised their families, and contributed to our communities should not be forced to have their assets or earnings subject to such an aggressive tax postmortem, particularly when they have already spent years paying taxes of various kinds within our State. Their wealth belongs to them or the individuals to which it has been left via their Will, and it should be their decision on where it goes after they pass away.

We are aware that the statewide Register of Wills have shared concerns over similar legislation in the past and we welcome ongoing conversations regarding possible solutions to those concerns.

Thank you for your consideration and I respectfully ask for a favorable report on SB 432.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul D. Corderman".

Paul D. Corderman  
District 2 – Washington & Frederick Counties

# **SB 432 Unfavorable.pdf**

Uploaded by: Alexis Burrell-Rohde

Position: UNF



## ALEXIS BURRELL-ROHDE

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February 22, 2023

The Honorable Guy Guzzone, Chair  
Budget and Taxation Committee  
Miller Senate Office Building, 3 West  
Annapolis, MD 21401

### **OPPOSE (UNFAV) – SB 432 – Inheritance Tax - Repeal**

Dear Chair Guzzone and Committee Members:

My name is Alexis Burrell-Rohde. I am the Register of Wills for Baltimore County and testifying in opposition to Senate Bill 432.

In Fiscal Year 2022, my office took in close to \$23 million in inheritances tax revenue on behalf of the State of Maryland plus another \$1.55 million in probate fees. We used about \$4.2 million to run our office, almost entirely devoted to providing middle class jobs with great benefits and retirement, to the 43 individuals who work here. The remaining \$20.3 million was sent back to the State for discretionary use in the General Fund. If the inheritance tax is abolished, the State will lose \$20 million annually just from Baltimore County and just under \$90 million statewide while office would run a deficit of about \$3 million dollars. In order to continue serving the public in any meaningful capacity, this money would either draw from the General Fund or be made up by a new revenue source, which at this time is not on the table. Alternatively, with no new funding, our office would lay off no less than 30 middle class individuals sending them onto the rolls of State unemployment and Medicaid.

Under current law, the vast majority of individuals inheriting assets from probate and non-probate estates in Maryland pay no inheritance or estate taxes whatsoever. All lineal descendants, such as parents, children, siblings, grandchildren, grandparents, and great grandchildren, including spouses, are exempt from all inheritance taxes. Non-lineal descendants, typically friends, cousins, nieces, nephews, aunts and uncles, pay 10% of the inherited assets. This revenue allows the Registers of Wills to run their offices and generates tens of millions in additional revenues to the State.

Statewide, 10% of individuals inheriting assets pay inheritances tax. Of these individuals, roughly half live out of state. Of the total inheritance taxes paid in Baltimore County in FY2022, 80% of the total inheritance tax burden was paid by less than 2% of our total estates – just over 100 estates. This means that repealing this tax is a gift to our very wealthiest individuals, many of whom live out of state.

Eliminating this tax, paid by very few Marylanders, would be a budgeting disaster while creating a windfall to ultra-wealthy non-Maryland residents. For these reasons, I respectfully recommend an unfavorable report on Senate Bill 432.

Best regards,

Alexis Burrell Rohde

Register of Wills for Baltimore County

**SB432 - Macfarlane - UNFAVORABLE.pdf**

Uploaded by: Byron Macfarlane

Position: UNF



**BYRON E. MACFARLANE**  
**REGISTER OF WILLS FOR HOWARD COUNTY**

9250 JUDICIAL WAY, SUITE 1100  
ELLCOTT CITY, MARYLAND 21043

February 22, 2023

The Honorable Guy Guzzone, Chair  
Budget and Taxation Committee  
Miller Senate Office Building, 3 West  
Annapolis, MD 21401

**RE: SB432 – Inheritance Tax – Repeal – UNFAVORABLE**

Dear Chairman Guzzone and Members of the Budget and Taxation Committee,

My name is Byron Macfarlane, I am the Register of Wills for Howard County, and on behalf of the Maryland Registers of Wills Association, I write to respectfully urge an **unfavorable** report for Senate Bill 432.

The inheritance tax is collected by the Registers of Wills in each jurisdiction in Maryland. We are, collectively, 24 self-funding state agencies because of the revenue we generate from this tax. What we collect above and beyond what we need to operate is then turned over to the General Fund, for the General Assembly to use however it deems fit for the welfare of our citizens. In Fiscal Year 2022, the tax revenue we contributed to the General Fund came out to \$89.2 million. That revenue would disappear if the inheritance tax were repealed. Compounding that loss of revenue, the state would then need to find over \$22.4 million to fund the Registers of Wills.

To put it succinctly, this legislation would defund a critically important arm of our state's judiciary – the Registers of Wills – which provide essential services to the people of Maryland. With nearly 300 employees statewide, from Oakland to Baltimore to Snow Hill, these offices aren't just essential, we've become known for our professionalism, efficiency, and compassion. Simply put: Public service at its best. Passage of this legislation would jeopardize a vital component of our government that works extremely well, with no plan for how to provide for our continued operations.

The fiscal impact of the repeal of the inheritance tax is clearly severe. Proponents of this measure should need to provide compelling evidence that the benefits outweigh the costs. However, the truth is that close relatives are already exempt from the inheritance tax, very few people pay it, and most of those who do don't live in Maryland.

### Most Relatives Exempt

Close relatives are exempt from Maryland's inheritance tax. Spouses, siblings, lineal descendants (children, grandchildren, etc.), lineal ancestors (parents, grandparents, etc.), and stepchildren do not pay inheritance taxes. There is also a limited exemption for domestic partners who own a home together and some assets, like life insurance, as exempt as well. Therefore, those who are subject to the tax are nieces, nephews, cousins, more distant relatives, and those with no blood relationship to the decedent. A detailed analysis of the Registers' FY2022 inheritance tax receipts shows that 43% of taxes were paid by nieces and nephews, 23% by cousins or more distant relatives, and 34% were paid by friends or individuals otherwise unrelated to the decedent. So, the inheritance tax is predominantly paid by either very distant relatives or individuals who aren't related to the decedent – 57% of all taxes.

All of this is to say that because these heirs aren't closely related – or related at all – to the decedents, they tend to assume that their distant relationship would not entitle them to the same kinds of exemptions or protections or benefits as a spouse or child. Indeed, we very rarely receive complaints about this tax. For most of them, they didn't expect to inherit anything and don't consider a 10% tax unreasonable. They usually consider their inheritance “found money.” I can say that in my 12 years in office, I've received just one written objection to this tax, and that individual lived in Iowa. I understand why some may oppose the inheritance tax ideologically, but we should be far more concerned with the perspectives of those who are directly affected by this tax. For those taxable heirs, this is very rarely an issue.

### Few Estates Taxable

Few Maryland estates are subject to this tax. In Fiscal Year 2022, just over 10% of estates in Maryland paid any inheritance tax, so conversely nearly 90% of estates were entirely exempt.

### Out-of-State Taxpayers

It is also worth noting that while some Marylanders would benefit from this legislation, the repeal of the inheritance tax would primarily benefit people who do not live in our State. As part of our granular analysis of our tax revenue from FY2022, the Registers have determined approximately 51.5% of all inheritance taxes were paid by non-Marylanders, which also includes foreign nationals. This legislation would give a \$54.8 million tax cut to Pennsylvanians, Virginians, Californians, and Canadians, to name just a few. I have to seriously question why anyone would be so enthusiastic to eliminate this source of revenue when so much of the benefit won't even go to our own constituents.

In conclusion, Senate Bill 432 would have a devastating and unjustifiable fiscal impact on the State and would defund 24 essential public agencies that provide compassionate, efficient, and needed services to the people of Maryland. It would provide a substantial giveaway to non-Marylanders and lead to reduced services or higher taxes for Marylanders generally. I will reiterate that while some oppose this tax from an ideological perspective, the real people I deal with every day who have to pay this tax overwhelmingly do not view it as unfair or burdensome. As Register of Wills and as a taxpaying citizen, I strongly oppose this bill and urge this Committee to give it an **unfavorable** report.

Sincerely,



Byron E. Macfarlane  
Register of Wills



# 2023 opposed to SB 432.pdf

Uploaded by: Joseph Griffin

Position: UNF



STATE OF MARYLAND  
REGISTER OF WILLS FOR MONTGOMERY COUNTY, MARYLAND

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February 22, 2023

The Honorable Guy Guzzone, Chair  
Budget and Taxation Committee  
Miller Senate Office Building, 3 West  
Annapolis, MD 21401

**Oppose – SB 432 Inheritance Tax Repeal**

Dear Chair Guzzone and Committee Members:

My Name is Joseph Griffin. I am the Register of Wills for Montgomery County and testifying in opposition to Senate Bill 432.

In Fiscal Year 2022, my office took in close to \$35 million in inheritance tax revenue on behalf of the State of Maryland with an additional \$1.8 million in fees. It cost about \$4.2 million to operate the office of 40 state employees with the remainder going to the Maryland general fund.

Under current Maryland law, no inheritance tax is assessed on assets passing to immediate family members including, parents, grandparents, siblings, children, grandchildren, great grandchildren including the spouses of these individuals are all tax exempt.

Over 90% of the estates in Montgomery County did not pay inheritance taxes while approximately 60% of the individuals who paid inheritance taxes in 2023 did not live in the State of Maryland.

Eliminating this tax will benefit mostly non-Marylander residence while the loss of revenue is shared 100% by only Maryland residents. For these reasons, I respectfully recommend an unfavorable report on Senate Bill 432.

Respectfully,

Joseph M Griffin  
Montgomery County

**SB 432\_MD Center on Economic Policy\_UNF.pdf**

Uploaded by: Kali Schumitz

Position: UNF

# Say No to Yet Another Giveaway for Wealthy Heirs

## Position Statement in opposition to Senate Bill 432

*Given before the Senate Budget and Taxation Committee*

An effective revenue system is an essential tool to enable Maryland to invest in the foundations of our economy such as education, health care, and transportation. Just as importantly, a fair tax system is essential to push back against the increasing concentration of wealth and power in a few hands. All Marylanders benefit when we have sufficient resources to invest in the basics, and these investments can be particularly important to break down the barriers – built through past and present policies – that hold back many Marylanders because of their race, gender, a disability, or another aspect of their identity.

**The Maryland Center on Economic Policy opposes Senate Bill 432** because it would deepen inequities in our tax code and make it harder to invest in Maryland communities.

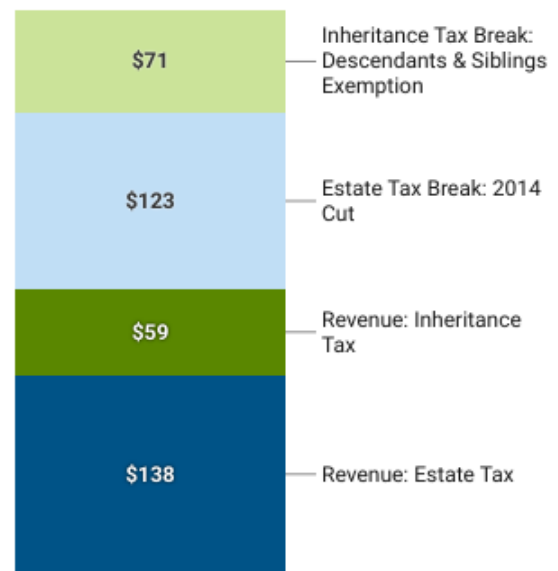
Maryland’s inheritance tax is an important part of our tax code, generating tens of millions each year to support our investments in education, health care, and other pillars of our economy, as well as administrative costs incurred by local registers of wills. The inheritance tax is expected to raise about \$68 million in fiscal year 2024. This is more than the state invests from its general fund in dozens of dozens of agencies each year. A small sample:

- Maryland Department of Labor (\$60 million)
- Maryland School for the Deaf (\$45 million)
- Department of Aging (\$34 million)
- Department of Disabilities (\$4 million)
- Maryland Commission on Civil Rights (\$3 million)

The inheritance tax also plays an important balancing role. Overall, Maryland’s tax code is upside-down: The wealthiest 1% of households pay a smaller share of their income in state and local taxes than any other income group.<sup>1</sup> Our tax system would further deepen inequity without the inheritance tax, which is one of the only ways the state taxes accumulated wealth.

## Wealthy Heirs Already Enjoy Generous Tax Breaks

Estate and inheritance tax revenues and tax breaks, FY 2020



*Tax expenditure data are not available later than FY 2020.*

Chart: Maryland Center on Economic Policy • Source: Bureau of Revenue Estimates, Tax Expenditure Reports, fiscal notes • Created with Datawrapper

Taxing inherited wealth is especially important as a way to make our tax code more racially equitable, because it applies only to households receiving intergenerational transfers of wealth. Nationwide, the wealthiest 10% of white households control nearly two-thirds of all household wealth.<sup>ii</sup>

The inheritance tax already includes numerous exemptions to ensure that it affects only households with the greatest ability to pay. There is no inheritance tax on property transferred to a spouse, a primary residence inherited by a domestic partner or transfers to any person of up to \$1,000. Estates worth up to \$50,000 are not taxable at all. Finally, descendants and siblings of the decedent are entirely exempt, a tax break worth more than \$70 million as of fiscal year 2020.<sup>iii</sup>

Moreover, both the state and federal governments have created generous tax breaks for inherited wealth in recent years:

- Maryland lawmakers in 2014 increased the amount of property subject to the estate tax (our only other tax on inherited wealth) from \$1 million to \$5 million, a lopsided tax break that costs well over \$100 million each year.<sup>iv</sup>
- Former President Trump's 2017 tax overhaul temporarily doubled the federal estate tax exemption to more than \$10 million, handing the wealthiest 1% nationwide \$9 billion in tax cuts.<sup>v</sup>
- While there are important differences in structure and use between our estate and inheritance taxes, the fact remains: Senate Bill 432 would hand yet another giveaway to wealthy heirs who already enjoy generous tax breaks.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Senate Budget and Taxation Committee make an unfavorable report on Senate Bill 432.**

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## Equity Impact Analysis: Senate Bill 432

### *Bill summary*

Senate Bill 432 would repeal Maryland's inheritance tax for decedents dying after June 30, 2023.

### *Background*

Maryland's inheritance tax is projected to raise about \$68 million in fiscal year 2024. A portion of this revenue covers administrative costs at local registers of wills and the remainder goes to the state's general fund.

The inheritance tax includes numerous exemptions, together worth more than \$70 million per year as of fiscal year 2020). These include but are not limited to:

- Property transferred to a spouse, lineal beneficiary, or sibling of the decedent
- A primary residence inherited by a domestic partner
- Transfers to one person of up to \$1,000
- All inheritances from an estates worth up to \$50,000

State and federal lawmakers have in recent years enacted significant cuts to the estate tax, the other major tax on inherited wealth. In 2014, Maryland lawmakers increased the estate tax exemption from \$1 million to \$5 million, costing well over \$100 million in lost revenue each year. In 2017, Congress and former President Trump temporarily doubled the federal estate tax exemption to more than \$10 million, at a nationwide cost of about \$9 billion per year.

## *Equity Implications*

Senate Bill 432 would deepen inequity through two channels:

- Repealing the inheritance tax would cost tens of millions in lost revenue that could otherwise be invested in things like public health, world-class schools, and sufficient child care assistance. Investing in these basics strengthens our economy and can dismantle the economic barriers that too often hold back Marylanders of color.
- Repealing the inheritance tax would further tilt our tax code in favor of the wealthy and powerful. The inheritance tax by definition applies only to estates with significant built-up assets. Already, the wealthiest 1% of Maryland households pay a smaller share of their income in state and local taxes than any other income group. Moreover, exempting intergenerational wealth transfers from taxation worsens racial injustice. Nationwide, the wealthiest 10% of white households (6% of all households) control nearly two-thirds of all household wealth. Senate Bill 432 would predominantly benefit this group at the expense of everyone else.

## *Impact*

Senate Bill 432 would likely **worsen racial and economic inequity** in Maryland.

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<sup>i</sup> Meg Wiehe, Aidan Davis, Carl Davis, Matt Gardner, Lisa Christensen Gee, and Dylan Grundman, “Who Pays? A Distributional Analysis of the Tax Systems in All 50 States,” Institute on Taxation and Economic Policy, 2018, <https://itep.org/wp-content/uploads/whopays-ITEP-2018.pdf>

<sup>ii</sup> Michael Leachman, Michael Mitchell, Nicholas Johnson, and Erica Williams, “Advancing Racial Equity with State Tax Policy,” Center on Budget and Policy Priorities, 2018, <https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy>

<sup>iii</sup> Maryland FY 2020 Tax Expenditure Report, Department of Budget and Management, <https://dbm.maryland.gov/budget/taxexpendreports/FY2020TaxExpenditureReport.pdf>

<sup>iv</sup> See Fiscal and Policy Note for House Bill 256 of 2020, [https://mgaleg.maryland.gov/2020RS/fnotes/bil\\_0006/hb0256.pdf](https://mgaleg.maryland.gov/2020RS/fnotes/bil_0006/hb0256.pdf)

<sup>v</sup> “TCJA by the Numbers,” Institute on Taxation and Economic Policy, 2019, <https://itep.org/tcja-2020/>

# **Inheritance Tax Repeal Oppose.pdf**

Uploaded by: Sarah Kahl

Position: UNF



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**To:** Maryland Senate – Budget and Taxation Committee

**From:** MSBA Estate & Trust Law Section

**Date:** February 21, 2023

**Subject:** SB 432– Inheritance Tax -- Repeal

**Position:** Oppose

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While we take no position on the tax policy embodied by Senate Bill 432, Inheritance Tax – Repeal, the Estate and Trust Law Section of the Maryland State Bar Association (MSBA) nonetheless **opposes** the bill because it does not provide an alternate funding source for the Registers of Wills.

Members of our Section deal with numerous states in administering decedents’ estates. We have found Maryland’s probate process to be among the least burdensome in the nation. In large part, that efficiency stems from the professionalism and expertise of the Registers of Wills and their staffs.

The Registers’ offices are independently funded through probate fees and, to a much larger extent, the inheritance tax. Although we believe that the current structure of Maryland’s inheritance tax raises significant issues of fairness and creates problems of administrative complexity, repealing such tax as proposed by SB 432 without providing an adequate alternative funding source for the Registers of Wills would place the efficiency and effectiveness of their offices in jeopardy.

Probate can seem arcane to those not well versed in its nuances. Maryland’s Registers of Wills are vital partners in assisting our clients, and also help guide unrepresented families through a difficult time in life. Maintaining the high standards of their offices – which only can be accomplished with sufficient funding – is essential to maintaining Maryland’s effective probate system.

For these reasons, we oppose Senate Bill 432, unless an alternative funding source for maintaining the high quality of the Register of Wills’ offices is identified.





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