



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**.

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