

JON S. CARDIN
Legislative District 11
Baltimore County

Judiciary Committee

Chair
Civil Law and Procedure
Subcommittee



The Maryland House of Delegates
6 Bladen Street, Room 217
Annapolis, Maryland 21401
410-841-3054 · 301-858-3054
800-492-7122 Ext. 3054
Fax: 410-841-3385 · 301-858-3385
Jon.Cardin@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

RE: House Bill 100

Inheritance Tax Rate — Beneficiaries of Limited Means

Position — Support

Owning a home has long been considered the “pinnacle” of achieving the American Dream, however, beneficiaries of limited means should not be forced into a Hobson’s Choice, either they must sell their residence in order to pay the inheritance tax or face foreclosure.

HB 100 addresses the chasm between inheriting your home and being forced to sell it in order to cover the taxes. I was heartbroken to learn that a constituent of mine could not afford to pay \$50,000 in taxes to keep his inherited property. The injustice and inequity my constituent was subjected to, prompted me to introduce this measure to ensure that beneficiaries of limited means are able to keep their American Dream.

Why should inheriting property, one that you already reside in as your primary residence, receive less accommodation than federal and state lender assistance programs that prevent foreclosure for those that fall behind on their mortgage payments?

All of us are familiar with “income contingent” student loan repayment programs, where repayment is based on a person’s income. By doing so, the loan(s) are listed as current, protects your credit, alleviates the undue financial burden on the borrower, and importantly, prevents accelerated repayment provisions from kicking in.

HB 100 protects beneficiaries of limited means from being forced to sell their home because the inheritance tax they must pay is based on their adjusted gross income of \$125,000 for an individual or \$250,000 for spouses filing a joint return or for a surviving spouse that is head of household, pursuant to IRS regulations. The inheritance tax for beneficiaries of limited means is 20% of the Adjusted Gross Income (AGI).

This measure reduces the inheritance tax rate for people of limited means, protects them from a forced sale or foreclosure, and allows them to remain in the residence they are already living in.

