



JUSTICE FOR ALL

February 8, 2024

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TO: The Honorable Vanessa Atterbeary, Chair, Ways and Means Committee

FROM: Steven Messmer

Tangled Title Attorney, Maryland Volunteer Lawyers Service

RE: HB442 – Inheritance Tax – Exemptions - Maximum Property Value –
Support with Amendments

The Maryland Volunteer Lawyers Service urges this Committee to favorably report HB 442. This bill would reduce the inheritance tax burden on some low-income heirs.

The inheritance tax applies to very few people. One register estimated that 10% of heirs pay the tax. But when it does apply is an inequitable burden on low-income people especially when the only asset in the estate is the family home.

The inheritance tax is regressive. The inheritance tax is extremely easy to avoid so anyone with professional advice will not pay a dime. Beyond that, any inheritance tax paid is a credit against the estate taxes, lowering the tax burden on the very wealthy.

The inheritance tax also has a discriminatory effect. Through its numerous exemptions for passing property to certain family relationships, it operates as a tax on deviating from traditional social norms. It is a tax on not getting married. It is a tax on not having children. This likely affects LGBTQ people disproportionately because they are significantly less likely to be married or have children. Also, by favoring certain family relationships over others, the inheritance tax likely falls disproportionately on some racial minorities.

By increasing the threshold exemption from \$1,000 to \$25,000, the inequitable burden on low-income Marylanders will be reduced.

For the foregoing reasons, the Maryland Volunteer Lawyers Service urges a **favorable** report of House Bill 442.