

SENATE BILL 602

Q7

4lr2436
CF HB 739

By: **The President and Senators Forehand, Astle, Benson, Brinkley, Brochin, Colburn, Conway, Currie, DeGrange, Dyson, Edwards, Feldman, Getty, Gladden, Glassman, Jennings, Kasemeyer, Kelley, King, Kittleman, Klausmeier, Mathias, McFadden, Middleton, Miller, ~~Montgomery,~~ Peters, Pugh, Robey, Stone, Young, ~~and Zirkin~~ Zirkin, Reilly, Shank, and Simonaire**

Introduced and read first time: January 30, 2014

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 14, 2014

CHAPTER _____

1 AN ACT concerning

2 **Maryland Estate Tax – Unified Credit**

3 FOR the purpose of altering the size of an estate required to file an estate tax return;
4 altering a certain limit on the unified credit used for determining the Maryland
5 estate tax; repealing a certain limit on the unified credit used for determining
6 the Maryland estate tax for decedents dying after a certain date; altering a
7 certain limitation on the amount of the Maryland estate tax; making a
8 conforming change; and generally relating to the Maryland estate tax.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 7–309(a)
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2013 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Tax – General
16 Section ~~7–305(b)~~ and 7–309(b)(1), (2), and (3) and (c)(3)
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2013 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Tax – General**

4 7–305.

5 (b) If a federal estate tax return is not required to be filed but a federal
6 estate tax return would be required to be filed if the applicable exclusion amount
7 under § 2010(c) of the Internal Revenue Code were no greater than [\$1,000,000] THE
8 APPLICABLE EXCLUSION AMOUNT SPECIFIED UNDER § 7–309(B) OF THIS
9 SUBTITLE, the person who would be responsible for filing the federal estate tax return
10 shall complete, under oath, and file a Maryland estate tax return with the Comptroller
11 or the register 9 months after the date of the death of the decedent.

12 7–309.

13 (a) Notwithstanding an Act of Congress that repeals or reduces the federal
14 credit under § 2011 of the Internal Revenue Code, the provisions of this subtitle in
15 effect before the passage of the Act of Congress shall apply with respect to a decedent
16 who dies after the effective date of the Act of Congress so as to continue the Maryland
17 estate tax in force without reduction in the same manner as if the federal credit had
18 not been repealed or reduced.

19 (b) (1) Except as provided in paragraphs (2) through (8) of this subsection
20 and subsection (c) of this section, after the effective date of an Act of Congress
21 described in subsection (a) of this section, the Maryland estate tax shall be determined
22 using:

23 (i) the federal credit allowable by § 2011 of the Internal
24 Revenue Code as in effect before the reduction or repeal of the federal credit pursuant
25 to the Act of Congress; and

26 (ii) other provisions of federal estate tax law, **INCLUDING THE**
27 **APPLICABLE UNIFIED CREDIT ALLOWED AGAINST THE FEDERAL ESTATE TAX**, as
28 in effect on the date of the decedent's death.

29 (2) Except as provided in paragraphs (3) through (8) of this subsection
30 and subsection (c) of this section, if the federal estate tax is not in effect on the date of
31 the decedent's death, the Maryland estate tax shall be determined using:

32 (i) the federal credit allowable by § 2011 of the Internal
33 Revenue Code as in effect before the reduction or repeal of the federal credit pursuant
34 to the Act of Congress; and

1 (ii) other provisions of federal estate tax law, **INCLUDING THE**
 2 **APPLICABLE UNIFIED CREDIT ALLOWED AGAINST THE FEDERAL ESTATE TAX**, as
 3 in effect on the date immediately preceding the effective date of the repeal of the
 4 federal estate tax.

5 (3) (i) Notwithstanding any increase in the unified credit allowed
 6 against the federal estate tax for decedents dying after 2003, the unified credit used
 7 for determining the Maryland estate tax **FOR A DECEDENT DYING BEFORE**
 8 **JANUARY 1, ~~2017~~ 2019**, may not exceed the applicable credit amount corresponding
 9 to an applicable exclusion amount [of \$1,000,000], within the meaning of § 2010(c) of
 10 the Internal Revenue Code, **OF:**

11 1. **\$1,000,000 FOR A DECEDENT DYING BEFORE**
 12 **JANUARY 1, ~~2014~~ 2015;**

13 2. **~~\$1,750,000~~ \$1,500,000 FOR A DECEDENT DYING**
 14 **ON OR AFTER JANUARY 1, ~~2014~~ 2015, BUT BEFORE JANUARY 1, ~~2015~~ 2016;**

15 3. **~~\$2,500,000~~ \$2,000,000 FOR A DECEDENT DYING**
 16 **ON OR AFTER JANUARY 1, ~~2015~~ 2016, BUT BEFORE JANUARY 1, ~~2016~~ 2017; ~~AND~~**

17 4. **~~\$3,500,000~~ \$3,000,000 FOR A DECEDENT DYING**
 18 **ON OR AFTER JANUARY 1, ~~2016~~ 2017, BUT BEFORE JANUARY 1, ~~2017~~ 2018; ~~AND~~**

19 5. **\$4,000,000 FOR A DECEDENT DYING ON OR AFTER**
 20 **JANUARY 1, 2018, BUT BEFORE JANUARY 1, 2019.**

21 (ii) The Maryland estate tax shall be determined without regard
 22 to any deduction for State death taxes allowed under § 2058 of the Internal Revenue
 23 Code.

24 (iii) Unless the federal credit allowable by § 2011 of the Internal
 25 Revenue Code is in effect on the date of the decedent's death, the federal credit used to
 26 determine the Maryland estate tax may not exceed 16% of the amount by which the
 27 decedent's taxable estate, as defined in § 2051 of the Internal Revenue Code, exceeds:

28 1. **\$1,000,000 FOR A DECEDENT DYING BEFORE**
 29 **JANUARY 1, ~~2014~~ 2015;**

30 2. **~~\$1,750,000~~ \$1,500,000 FOR A DECEDENT DYING**
 31 **ON OR AFTER JANUARY 1, ~~2014~~ 2015, BUT BEFORE JANUARY 1, ~~2015~~ 2016;**

32 3. **~~\$2,500,000~~ \$2,000,000 FOR A DECEDENT DYING**
 33 **ON OR AFTER JANUARY 1, ~~2015~~ 2016, BUT BEFORE JANUARY 1, ~~2016~~ 2017;**

1 4. ~~\$3,500,000~~ **\$3,000,000** FOR A DECEDENT DYING
2 ON OR AFTER JANUARY 1, ~~2016~~ **2017**, BUT BEFORE JANUARY 1, ~~2017~~ **2018**;

3 5. **\$4,000,000** FOR A DECEDENT DYING ON OR AFTER
4 **JANUARY 1, 2018, BUT BEFORE JANUARY 1, 2019; AND**

5 ~~5. 6.~~ **THE APPLICABLE EXCLUSION AMOUNT**
6 **CORRESPONDING TO THE APPLICABLE UNIFIED CREDIT UNDER PARAGRAPH (1)**
7 **OR (2) OF THIS SUBSECTION FOR A DECEDENT DYING ON OR AFTER JANUARY 1,**
8 **~~2017~~ 2019.**

9 (c) (3) If the value of qualified agricultural property that passes from the
10 decedent to or for the use of a qualified recipient exceeds \$5,000,000, the Maryland
11 estate tax imposed on the Maryland estate of the decedent may not exceed the sum of:

12 (i) 16% of the amount by which the decedent's taxable estate,
13 excluding the value of all qualified agricultural property that passes from the decedent
14 to or for the use of a qualified recipient, exceeds [\$1,000,000] **THE APPLICABLE**
15 **EXCLUSION AMOUNT SPECIFIED UNDER SUBSECTION (B) OF THIS SECTION; and**

16 (ii) 5% of the amount by which the value of qualified
17 agricultural property that passes from the decedent to or for the use of a qualified
18 recipient exceeds \$5,000,000.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2014.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.