

SENATE BILL 510

Q7
SB 980/18 – B&T

9lr0402
CF 9lr0401

By: **Senator Eckardt**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Inheritance Tax – Exemption – Nieces and Nephews**

3 FOR the purpose of providing an exemption from the inheritance tax for property that
4 passes from a decedent to or for the use of a niece or nephew of the decedent;
5 repealing a certain exemption to the inheritance tax made obsolete by this Act;
6 providing for the application of this Act; and generally relating to exemptions from
7 the inheritance tax.

8 BY repealing and reenacting, with amendments,

9 Article – Tax – General

10 Section 7–203(b)

11 Annotated Code of Maryland

12 (2016 Replacement Volume and 2018 Supplement)

13 BY repealing

14 Article – Tax – General

15 Section 7–203(m)

16 Annotated Code of Maryland

17 (2016 Replacement Volume and 2018 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Tax – General**

21 7–203.

22 (b) (1) (i) In this subsection the following words have the meanings
23 indicated.

24 (ii) “Child” includes a stepchild or former stepchild.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (iii) "Parent" includes a stepparent or former stepparent.
- 2 (iv) "Surviving spouse" means a surviving spouse who has not
3 remarried.
- 4 (2) The inheritance tax does not apply to the receipt of property that passes
5 from a decedent to or for the use of:
- 6 (i) a grandparent of the decedent;
- 7 (ii) a parent of the decedent;
- 8 (iii) a spouse of the decedent;
- 9 (iv) a child of the decedent or a lineal descendant of a child of the
10 decedent;
- 11 (v) a spouse of a child of the decedent or a spouse of a lineal
12 descendant of a child of the decedent;
- 13 (vi) a surviving spouse of a deceased child of the decedent or of a
14 deceased lineal descendant of a child of the decedent who was married to the child or lineal
15 descendant of the child at the time of the child's or lineal descendant's death;
- 16 (vii) a brother or sister of the decedent; [or]
- 17 (viii) **A NIECE OR NEPHEW OF THE DECEDENT; OR**
- 18 **(IX)** a corporation, partnership, or limited liability company if all of
19 its stockholders, partners, or members consist of individuals specified in items (i) through
20 [(vii)] **(VIII)** of this paragraph.
- 21 [(m) (1) (i) In this subsection the following words have the meanings
22 indicated.
- 23 (ii) "Farming purposes" has the meaning stated in § 2032A(e)(5) of
24 the Internal Revenue Code.
- 25 (iii) "Perpetual conservation easement" means an easement on real
26 property that perpetually restricts the use of the real property to farming purposes.
- 27 (2) The inheritance tax does not apply to the receipt of real property that
28 is subject to a perpetual conservation easement and passes from a decedent to or for the
29 use of a niece or nephew of the decedent.

1 (3) (i) The inheritance tax shall be recaptured as provided in this
2 paragraph if the real property that is excluded under paragraph (2) of this subsection ceases
3 to be used for farming purposes.

4 (ii) The amount of the inheritance tax imposed under this paragraph
5 shall be the inheritance tax that would have been payable at the time of the decedent's
6 death but for the provisions under paragraph (2) of this subsection.】

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2019, and shall be applicable to decedents dying after June 30, 2019.