

HOUSE BILL 100

Q7

3lr0742

(PRE-FILED)

By: **Delegate Cardin**

Requested: November 11, 2022

Introduced and read first time: January 11, 2023

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Inheritance Tax Rate – Beneficiaries of Limited Means**

3 FOR the purpose of altering, under certain circumstances, the inheritance tax due on
4 certain property that passes from a decedent to or for the use of certain beneficiaries
5 of limited means; and generally relating to the inheritance tax.

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 7–204
9 Annotated Code of Maryland
10 (2022 Replacement Volume)

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

13 **Article – Tax – General**

14 7–204.

15 (a) **(1)** In this section[, “clear] **THE FOLLOWING WORDS HAVE THE**
16 **MEANINGS INDICATED.**

17 **(2) “AGRICULTURAL LAND” MEANS REAL PROPERTY THAT IS OR WAS**
18 **ASSESSED ON THE BASIS OF FARM OR AGRICULTURAL USE UNDER § 8–209 OF THE**
19 **TAX – PROPERTY ARTICLE.**

20 **(3) “BENEFICIARY OF LIMITED MEANS” MEANS AN INDIVIDUAL**
21 **ENTITLED TO PROPERTY OF A DECEDENT IF THE INDIVIDUAL’S FEDERAL ADJUSTED**
22 **GROSS INCOME DOES NOT EXCEED:**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(I) \$125,000 FOR AN INDIVIDUAL OTHER THAN AN INDIVIDUAL**
2 **DESCRIBED IN ITEM (II) OF THIS PARAGRAPH; OR**

3 **(II) \$250,000 FOR SPOUSES FILING A JOINT RETURN OR FOR A**
4 **SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL**
5 **REVENUE CODE.**

6 **(4) “CLEAR value” means fair market value minus expenses.**

7 **(5) “FEDERAL ADJUSTED GROSS INCOME” HAS THE MEANING STATED**
8 **IN § 10–101 OF THIS ARTICLE.**

9 (b) **(1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
10 **SUBSECTION, THE inheritance tax rate is 10% of the clear value of the property that passes**
11 **from a decedent.**

12 **(2) (I) THIS PARAGRAPH APPLIES ONLY IF A BENEFICIARY OF**
13 **LIMITED MEANS ELECTS TO PAY THE INHERITANCE TAX DUE UNDER THIS SUBTITLE**
14 **ON THE PROPERTY THAT PASSES FROM THE DECEDENT TO THE BENEFICIARY OF**
15 **LIMITED MEANS.**

16 **(II) IN THE CASE OF REAL PROPERTY TO BE DISTRIBUTED TO A**
17 **BENEFICIARY OF LIMITED MEANS THAT IS INTENDED TO BE THE PRIMARY**
18 **RESIDENCE OF THE BENEFICIARY OF LIMITED MEANS OR IS AGRICULTURAL LAND**
19 **THAT THE BENEFICIARY OF LIMITED MEANS INTENDS TO MAINTAIN AS**
20 **AGRICULTURAL LAND, THE INHERITANCE TAX RATE IS THE LESSER OF:**

21 **1. THE RATE SPECIFIED UNDER PARAGRAPH (1) OF THIS**
22 **SUBSECTION; OR**

23 **2. 20% OF THE FEDERAL ADJUSTED GROSS INCOME OF**
24 **THE BENEFICIARY OF LIMITED MEANS FOR THE TAXABLE YEAR IN WHICH THE**
25 **DECEDENT DIED.**

26 (c) If a decedent died on or before May 31, 1975, the rate of the inheritance tax is
27 the rate in effect on the date of the decedent’s death.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
29 1, 2023, and shall be applicable to all decedents dying on or after July 1, 2023.