



*To Lead, Advocate and Connect as the Voice of Business*

## **House Bill 256 - Maryland Estate Tax - Unified Credit**

Ways and Means Committee

February 12, 2020

### **OPPOSE**

The Montgomery County Chamber of Commerce ("MCCC"), as the voice of Montgomery County business, opposes House Bill 256.

House Bill 256 establishes that the value of the federal unified credit used to calculate the Maryland estate tax is equal to the amount corresponding to an applicable exclusion amount of \$1.0 million. The bill also provides that, unless the federal estate tax credit used to calculate the Maryland estate tax is in effect at the time of a decedent's death, the federal credit used to determine the State estate tax may not exceed 16% of the amount by which a decedent's taxable estate exceeds \$1.0 million.

Under current law, beginning on January 1, 2019, the value of the federal unified credit used to calculate the Maryland estate tax is equal to \$5.0 million.

The recoupling of the Maryland estate tax with the federal rate in 2014 did not do away with the estate tax levied at the state level, despite the fact that most states in the United States no longer have a separate estate tax of any kind for their residents. In fact, Maryland continues to be only one of two states with both an estate tax and an inheritance tax. *This puts Maryland at a competitive disadvantage to many nearby jurisdictions and other attractive places to retire.*

MCCC advocated on behalf of the recoupled estate tax in 2014 and strongly believes that HB 256 undermines the trust in the policy making process when significant gains made for small business owners and individual residents can be rolled back as proposed by this legislation.

For the aforementioned reasons, **we request an unfavorable report on House Bill 256.**