Also in paragraph (1) of this subsection, the words "executory or reversionary interest, or other future interest" are added for clarity.

7-202. IMPOSITION OF TAX.

EXCEPT AS PROVIDED IN § 7-203 OF THIS SUBTITLE, A TAX IS IMPOSED ON THE PRIVILEGE OF RECEIVING PROPERTY THAT PASSES FROM A DECEDENT AND HAS A TAXABLE SITUS IN THE STATE.

REVISOR'S NOTE: This section is new language that combines without substantive change the tax imposition provisions in former Art. 81, § 149(a) and the first clause of the first sentence of § 150(a).

The introductory language of this section, "[e]xcept as provided in § 7-203 of this subtitle", is added for clarity.

The reference to the inheritance tax being imposed "on the privilege of receiving property" is added to clarify the taxable event. For a discussion of the taxable event and the constitutionality of the inheritance tax, see <u>State v. Dalrymple and Lemmon, Administrators</u>, 70 Md. 294, 299 (1889).

The former references to the tax being "levied" are deleted as included in the word "imposed".

The former phrase "any resident or nonresident" is deleted as unnecessary in light of the reference to property with a "taxable situs in the State".

Defined term: "Property that passes from a decedent" § 7-201

7-203. EXEMPTIONS.

(A) DEATH BENEFIT.

THE INHERITANCE TAX DOES NOT APPLY TO THE RECEIPT OF A DEATH BENEFIT EXCLUDED FROM AN ESTATE UNDER § 11-105 OF THE ESTATES AND TRUSTS ARTICLE.

(B) FAMILY ALLOWANCE.

THE INHERITANCE TAX DOES NOT APPLY TO THE RECEIPT OF THE FAMILY ALLOWANCE THAT A SURVIVING SPOUSE AND MINOR CHILDREN OF A DECEDENT ARE ALLOWED UNDER § 3-201 OF THE ESTATES AND TRUSTS ARTICLE.

(C) GRAVE MAINTENANCE.

THE INHERITANCE TAX DOES NOT APPLY TO THE RECEIPT OF THE FIRST $500 OF PROPERTY THAT PASSES FROM A DECEDENT UNDER A WILL FOR THE PERPETUAL UPKEEP OF GRAVES.