

Signed May 26, 1994.

Joint Resolution No. 6

(Senate Joint Resolution No. 9)

A Senate Joint Resolution concerning

Joint Legislative Committee to Study the Inheritance Tax

FOR the purpose of urging the Legislative Policy Committee of the General Assembly to establish a joint committee of the General Assembly to study the State's inheritance tax.

WHEREAS, Almost 30 years ago, the Commission to Study and Revise the Testamentary Laws of Maryland (the "Henderson Commission"), concluded that the system of death taxation in Maryland was "archaic, unjust, and incredibly complex" and "unique in its shortcomings among all the states" and recommended that the inheritance tax be repealed; and

WHEREAS, Citing studies as early as 1939, the Henderson Commission noted that "every responsible study of Maryland death taxes has stressed the unsoundness, inequity and inconvenience of the inheritance tax and the tax on commissions"; and

WHEREAS, Although revisions had been made since the time of the Henderson Commission to the inheritance tax to reduce its unfairness, the State's archaic death tax system as criticized by the 1966 Commission remained virtually intact until 1989; and

WHEREAS, The 1987 Task Force to Study Revision of the Inheritance and Estate Tax Laws renewed the Henderson Commission recommendation that the inheritance tax be repealed, concluding that Maryland's system of death taxes was outdated, unfair, and unduly complex and that the burden of the inheritance tax falls largely on smaller and middle-sized estates while for larger estates it is little more than a nuisance, since the federal credit for state death taxes often exceeds the inheritance tax; and

WHEREAS, In 1989, the General Assembly adopted several of the recommendations of the 1987 Task Force, including the repeal of the outdated tax on commissions, but the inheritance tax remained intact; and

WHEREAS, Burdensome death taxes have been cited as a factor influencing individual and business location decisions, including evidence of wealthy citizens leaving one state to move to a state with a more favorable death tax system; and

WHEREAS, In recent years, because of concern over taxpayer mobility and the unfairness of inheritance taxes, the trend among states, including several of Maryland's neighboring states, has been to repeal inheritance taxes and impose only "pick-up" estate taxes at a rate equal to the maximum credit under the federal estate tax for state death taxes; and