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**By: Chairman, Ways and Means Committee (Departmental - Comptroller)**

Introduced and read first time: January 15, 1997

Assigned to: Ways and Means

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Committee Report: Favorable

House action: Adopted

Read second time: February 4, 1997

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Estate Tax and Inheritance Tax - Refunds**

3 FOR the purpose of authorizing the Comptroller to pay an overpayment of Maryland  
4 estate tax directly to the register of wills to be applied against the inheritance tax  
5 under certain circumstances; authorizing a register of wills, under certain  
6 circumstances, to pay an overpayment of inheritance tax directly to the Comptroller  
7 to be applied against the Maryland estate tax; and generally relating to certain  
8 refunds of Maryland estate tax and inheritance tax.

9 BY repealing and reenacting, with amendments,

10 Article - Tax - General

11 Section 7-304(b)

12 Annotated Code of Maryland

13 (1988 Volume and 1996 Supplement)

14 BY adding to

15 Article - Tax - General

16 Section 13-906

17 Annotated Code of Maryland

18 (1988 Volume and 1996 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

20 MARYLAND, That the Laws of Maryland read as follows:

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1           **Article - Tax - General**

2 7-304.

3           (b) (1) Except as otherwise provided in this subsection, the Maryland estate tax  
4 is the amount, if any, by which the federal credit exceeds the total of death taxes other  
5 than the Maryland estate tax that:

6                           (i) are imposed by a state on property included in the Maryland  
7 estate;

8                           (ii) are allowable in computing the federal credit; and

9                           (iii) EXCEPT AS PROVIDED IN § 13-906 OF THIS ARTICLE, have  
10 actually been paid out of the Maryland estate and received by the appropriate unit of this  
11 State.

12                       (2) The Maryland estate tax may not exceed the amount whose timely  
13 payment in accordance with federal law would reduce the amount of the federal estate tax  
14 payable out of the Maryland estate had this subtitle not been enacted.

15 13-906.

16           (A) IN THIS SECTION, "REGISTER" MEANS THE REGISTER OF WILLS OF A  
17 COUNTY.

18           (B) (1) IF A PERSON IS REQUIRED TO PAY INHERITANCE TAX THE  
19 PAYMENT OF WHICH WOULD REDUCE THE MARYLAND ESTATE TAX IMPOSED ON AN  
20 ESTATE AND WOULD ENTITLE THE ESTATE TO A MARYLAND ESTATE TAX REFUND,  
21 ON THE WRITTEN REQUEST OF THE PERSONAL REPRESENTATIVE OF THE ESTATE,  
22 THE COMPTROLLER MAY PAY DIRECTLY TO THE REGISTER, TO BE APPLIED  
23 AGAINST THE INHERITANCE TAX, ANY MARYLAND ESTATE TAX REFUND TO WHICH  
24 THE ESTATE WOULD BE ENTITLED AS A RESULT OF THE PAYMENT OF THE  
25 INHERITANCE TAX.

26                       (2) IF A PERSON BECOMES ENTITLED TO AN INHERITANCE TAX REFUND  
27 THE PAYMENT OF WHICH WOULD RESULT IN AN INCREASE IN THE MARYLAND  
28 ESTATE TAX IMPOSED ON AN ESTATE, ON THE WRITTEN REQUEST OF THE PERSON  
29 MAKING A CLAIM FOR THE INHERITANCE TAX REFUND OR IF A CLAIM FOR AN  
30 INHERITANCE TAX REFUND HAS NOT BEEN MADE, THE REGISTER MAY PAY THE  
31 INHERITANCE TAX REFUND DIRECTLY TO THE COMPTROLLER TO BE APPLIED  
32 AGAINST ANY UNPAID MARYLAND ESTATE TAX OR ADDITIONAL MARYLAND  
33 ESTATE TAX THAT WOULD BECOME DUE AS A RESULT OF THE INHERITANCE TAX  
34 REFUND.

35           (C) IF A PAYMENT FROM THE COMPTROLLER TO THE REGISTER OR FROM  
36 THE REGISTER TO THE COMPTROLLER UNDER SUBSECTION (B) OF THIS SECTION  
37 DOES NOT DISCHARGE A PERSON'S TAX LIABILITY IN ITS ENTIRETY, THE PERSON  
38 SHALL PAY ANY REMAINING UNPAID INHERITANCE TAX TO THE REGISTER OR ANY  
39 REMAINING UNPAID MARYLAND ESTATE TAX TO THE COMPTROLLER.

40           (D) PAYMENT BY THE COMPTROLLER TO THE REGISTER OR BY THE  
41 REGISTER TO THE COMPTROLLER UNDER SUBSECTION (B) OF THIS SECTION SHALL

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1 SATISFY THE OBLIGATION OF THE REGISTER OR COMPTROLLER TO PAY A REFUND  
2 TO THE EXTENT OF THE PAYMENT.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 July 1, 1997.