RESTORE THE ESTATE TAX ON MULTI-MILLIONAIRES

Maryland historically taxed the estates of multi-millionaires. In 2014, the General Assembly increased the amount of an estate that is exempt from taxation from $1 million to over $5 million. This provided a handout to a small number of ultra-wealthy heirs and made it harder for the state to invest in essential services.

Estate taxes help support the public investments we all rely on, and they are a critical response to growing wealth inequality. Assets that pass through large estates are often funds earned not from work but from wealth, such as stocks and other investments, that were never taxed. Without the estate tax, they never would be.

The 2014 change was misguided to begin with and, because of later changes to federal tax policy, even its stated goal of matching the Maryland estate tax to the federal exemption no longer applies. We should reverse the flawed choice we made in 2014 and restore the exemption to $1 million.

HOW IT WORKS:

Estate taxes are paid before the assets of an estate are transferred to heirs. Currently, no matter how large the estate, Maryland’s estate tax does not apply to the first $5 million in value of the estate.

This bill would change the exemption level to $1 million. That means if the estate is valued at $1,000,001, tax is only owed on the $1. Prior estimates found that 97 percent of estates in Maryland would not pay the estate tax at this level.

This legislation also maintains current exemptions, such as those designed to protect family farms.

RESTORING THE MILLIONAIRE ESTATE TAX WOULD RAISE AT LEAST $116 MILLION PER YEAR.