R022-0506

A RESOLUTION CONCERNING
THE REPEAL OF THE MARYLAND ESTATE TAX

WHEREAS: The Maryland estate tax punishes hard work and savings; and,

WHEREAS: It taxes assets that have already been taxed once; and,

WHEREAS: The Office of Governor Ehrlich stated, "Historically, taxes levied by most states were linked, or 'coupled', to their corresponding federal taxes. Recent actions by the Maryland General Assembly have severed some of these links, adversely affecting taxpayers. This 'decoupling' led to a rise in Maryland state taxes and caused an increase in the complexity of an already complex tax system;" and,

WHEREAS: Many small family owned-businesses are forced to sell their shops in order to pay for the estate tax, which results in lost jobs and future tax revenue for the state of Maryland; and,

WHEREAS: Many retirees relocate to neighboring states in order to avoid Maryland estate taxes; and,

WHEREAS: The estate exemption for Maryland is one million dollars less than the federal estate exemption of two million dollars; and the estate exemption for Maryland is no exemption at all if an estate exceeds the estate limit by one dollar. For example, an estate valued at $999,999.00 is not subject to any Maryland estate tax, while an estate valued at $1,000,001.00 is subject to Maryland estate taxes on the entire amount of the estate, not just the excess of the one million dollars; and,

WHEREAS: The Maryland estate tax is grossly unfair based on the fact that estates are valued using the gross sales price of homes and property versus net proceeds; and bank accounts, investments and other property that have already been taxed are subject to double taxation by the imposition of the Maryland estate tax; and,

WHEREAS: The Maryland estate tax is imposed upon the death of the first spouse of a married couple instead of just when the surviving spouse dies; and,

WHEREAS: The estate tax encourages people to spend money now and leave no investment in future generations; and,

WHEREAS: The American Family Business Institute acknowledges that estate tax "diverts resources from investment to paying for complex trusts and insurance policies to avoid the tax"; and,

WHEREAS: John McLaughlin & Associates have found that "89% of Americans believe it is unfair for the government to tax a person's earnings while it is being earned and then tax it again after a person dies;"

THEREFORE BE IT RESOLVED: That the Maryland Student Legislature urges the Maryland General Assembly to pass legislation that would repeal the Maryland estate tax.

MANDATES: Governor Robert L. Ehrlich, Jr.
Senate President Thomas V. "Mike" Miller
Senate Minority Leader J. Lowell Stoltzfus
House Speaker Michael E. Busch
House Minority Leader George C. Edwards

Sponsor: Brian Raley
Towson University
BJR319@hotmail.com