

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Amend the Maine Estate Tax

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §4062, sub-§1-A, ¶A, as repealed and replaced by PL 2005, c. 12, Pt. N, §1 and affected by §4, is amended to read:

A. For the estates of decedents dying after December 31, 2002, "federal credit" means the maximum credit for state death taxes determined under the Code, Section 2011 as of December 31, 2002 exclusive of the reduction of the maximum credit contained in the Code, Section 2011(b)(2); the period of limitations under the Code, Section 2011(c); and the termination provision contained in the Code, Section 2011(f). The federal taxable estate is to be determined using the applicable Code as of the date of the decedent's death, except that:

- (1) The state death tax deduction contained in the Code, Section 2058 is to be disregarded;
- (2) The unified credit is to be determined under the Code, Section 2010 as of December 31, 2000, as adjusted under section 4062-A;
- (3) For the estates of decedents dying after December 31, 2004, the federal taxable estate must be decreased by an amount equal to the value of Maine qualified terminable interest property in the estate of the decedent; and
- (4) For the estates of decedents dying after December 31, 2004, the federal taxable estate must be increased by an amount equal to the value of Maine elective property in respect of the decedent; and

Sec. 2. 36 MRSA §4062-A is enacted to read:

§ 4062-A. Adjustment of unified credit for inflation

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Consumer Price Index" means the average over a 12-month period of the National Consumer Price Index, not seasonally adjusted, published monthly by the United States Department of Labor, Bureau of Labor Statistics designated as the "National Consumer Price Index for All Urban Consumers - United States City Average."

B. "Cost-of-living adjustment" means, for any calendar year, the Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Consumer Price Index for the 12-month period ending June 30, 2001.

2. **Annual adjustments for inflation.** Beginning September 15, 2009 and on or about September 15th each subsequent calendar year the State Tax Assessor shall multiply the cost-of-living adjustment for the succeeding calendar year by the dollar amount of the unified credit for deaths occurring during that year. If the dollar amounts adjusted by application of the cost-of-living adjustment are not multiples of 5,000, any increase must be rounded to the next lowest multiple of 5,000. If the cost-of-living adjustment for any taxable year is 1.000 or less, no adjustment may be made for that taxable year in the unified credit. The assessor shall incorporate such changes into the tax forms for that tax year.

Sec. 3. 36 MRSA §4066, as amended by PL 2003, c. 673, Pt. D, §5, is repealed and the following enacted in its place:

§ 4066. Discharge of personal liability of personal representative or other filer

A personal representative or other person or entity who files a Maine estate tax return is discharged from personal liability for any deficiency in tax subsequently found to be due and is entitled to a certificate of discharge 3 months after the filing of an estate tax information return for lien discharge or one year after the filing of an estate tax return unless the State Tax Assessor notifies the filer of the return within those periods that there is specified additional information required and the reason for that requirement. In all cases the discharge is effective 6 months after the filing of an estate tax information return for lien discharge and 18 months after filing an estate tax return unless the State Tax Assessor is actively contesting the validity of the return filed.

SUMMARY

This bill amends the Maine estate tax to require adjustment of the unified credit for inflation and to require discharge of personal liability of a personal representative or other filer within 3 months after the filing of an estate tax information return for lien discharge or one year after the filing of an estate tax return unless additional information is required. The maximum period before discharge of a filer is 6 months after the filing of an estate tax information return for lien discharge and 18 months after filing an estate tax return unless the State Tax Assessor is actively contesting the validity of the return filed.