

2010 State Death Tax Chart

Revised January 28, 2010

This chart is maintained for the Policy and Taxation Group Website and is updated regularly. Any comments on the chart or new developments that should be reflected on the chart may be sent to cfox@mcguirewoods.com.

State	Type of Tax	Effect of EGTRRA on Pick-up Tax and Size of Gross Estate	Legislation Affecting State Death Tax	2010 State Death Tax Threshold
Alabama	None	Tax was tied to federal state death tax credit. AL ST § 40-15-2. Although law is ambiguous, there is probably no state death tax and this is the position taken by the Alabama Department of Revenue		
Alaska	None	Tax was tied to federal state death tax credit. AK ST § 43.31.011.		
Arizona	None	Tax was tied to federal state death tax credit. AZ ST §§ 42-4051; 42-4001(2), (12). On May 8, 2006, Governor Napolitano signed SB 1170 which permanently repeals Arizona's state estate tax.		
Arkansas	None	Tax was tied to federal state death tax credit. AR ST § 26-59-103; 26-59-106; 26-59-109, as amended March, 2003.		
California	None	Tax was tied to federal state death tax credit. CA REV & TAX §§ 13302;		

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Colorado	None	Tax was tied to federal state death tax credit. CO ST §§ 39-23.5-103; 39-23.5-102.		
Connecticut	Separate Estate Tax	As part of the two year budget which became law on September 8, 2009, the exemption for the separate estate and gift taxes was increased to \$3.5 million, effective January 1, 2010, the tax rates were reduced to a spread of 7.2% to 12%, and effective for estate taxes due on or after July 1, 2009, the Connecticut tax is due six months after the date of death. CT ST § 12-391.		\$3,500,000
Delaware	Pick up Only	Tax tied to federal state death tax credit in effect on January 1, 2001 for decedents dying after June 30, 2009. DE ST TI 30 §§ 1502(c). The federal deduction for state death taxes is not taken into account in calculating the state tax. DE ST TI 30 §§ 1502(c)(2).		\$3,500,000
District of Columbia	Pick-up Only	Tax frozen at federal state death tax credit in effect on January 1, 2001. In 2003, tax imposed only on estates exceeding EGTRRA applicable		\$1,000,000

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		<p>exclusion amount. Thereafter, tax imposed on estates exceeding \$1 million. DC CODE §§ 47-3702; 47-3701; approved by Mayor on June 20, 2003; effective retroactively to death occurring on and after January 1, 2003.</p> <p>No separate state QTIP election.</p>		
Florida	None	<p>Tax was tied to federal state death tax credit. FL ST § 198.02; FL CONST. Art. VII, Sec. 5</p>		
Georgia	None	<p>Tax was tied to federal state death tax credit. GA ST § 48-12-2.</p>		
Hawaii	None	<p>Tax was tied to federal state death tax credit. HI ST §§ 236D-3; 236D-2</p>		
Idaho	None	<p>Tax was tied to federal state death tax credit. ID ST §§ 14-403; 14-402; 63-3004 (as amended Mar. 2002).</p>		
Illinois	None as of January 1, 2010	<p>Pick-up tax was frozen at federal state death tax credit in effect on December 31, 2001 for decedents dying between January 1, 2003, and December 31, 2009.</p> <p>Tax was imposed only on estates exceeding EGTRRA applicable exclusion amount, except that for decedents dying</p>		

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		<p>in 2009, tax imposed on estates exceeding \$2 million (EGTRRA applicable exclusion amount for 2009 is \$3.5 million). For decedents dying after December 31, 2009, tax is tied to current federal state death tax credit. 35 ILCS 405/2; 35 ILCS 405/3.</p> <p>Illinois permits a separate state QTIP election, effective September 8, 2009.</p>		
Indiana	Inheritance tax	<p>Pick-up tax was tied to federal state death tax credit. IN ST §§ 6-4.1-11-2; 6-4.1-1-4.</p> <p>Indiana has not decoupled but has a separate inheritance tax and recognizes by administrative pronouncement a separate state QTIP election.</p>		
Iowa	Inheritance tax	<p>Pick-up tax tied to federal state death tax credit. IA ST § 451.2; 451.13.</p> <p>Iowa has separate inheritance tax on transfers to remote relatives and third parties.</p>		
Kansas	None	<p>For decedents dying on or after January 1, 2007 and through December 31, 2009, Kansas had enacted</p>		

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		a separate stand alone estate tax. KS ST § 79-15, 203		
Kentucky	Inheritance	<p>Pick-up tax was tied to federal state death tax credit. KT ST § 140.130.</p> <p>Kentucky has not decoupled but has a separate inheritance tax and recognizes by administrative pronouncement a separate state QTIP election.</p>		
Louisiana	None	<p>Pick-up tax was tied to federal state death tax credit. LA R.S. §§ 47:2431; 47:2432; 47:2434.</p>		
Maine	Pick-up Only	<p>For decedents dying after December 31, 2002, pick-up tax is frozen at pre-EGTRRA federal state death tax credit, and imposed on estates exceeding applicable exclusion amount in effect on December 31, 2000 (including scheduled increases under pre-EGTRRA law) (L.D. 1319; March 27, 2003).</p> <p>For estates of decedents dying after December 31, 2002, Sec. 2058 deduction is ignored in computing Maine tax and a separate state QTIP election is permitted.</p>		\$1,000,000

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		<p>M.R.S. Title 36, Sec. 4062.</p> <p>Maine also subjects real or tangible property located in Maine that is transferred to a trust, limited liability company or other pass-through entity to tax in a non resident's estate. M.R.S. Title 36, Sec. 4064.</p>		
Maryland	Pick-up Plus Inheritance	<p>Tax frozen at pre-EGTRRA federal state death tax credit.</p> <p>Effective January 1, 2004, the threshold for Maryland tax is capped at \$1 million. Senate Bill 508 signed by Governor Erlich on May 26, 2004.</p> <p>Effective January 1, 2005, federal deduction for state death taxes under Sec. 2058 is ignored in computing Maryland estate tax, thus eliminating a circular computation. Senate Bill 508 signed by Governor Erlich on May 26, 2004. MD TAX GENERAL §§ 7-304; 7-309, amended May 2004.</p> <p>On May 2, 2006, Governor Erlich signed S.B. 2 which limits the amount of the federal credit used to calculate</p>		\$1,000,000

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		the Maryland estate tax to 16% of the amount by which the decedent's taxable estate exceeds \$1,000,000, unless the Section 2011 federal state death tax credit is then in effect. It also permits a state QTIP election. MD TAX GENERAL § 7-309		
Massachusetts	Pick-up Only	<p>For decedents dying in 2002, pick-up tax is tied to federal state death tax credit. MA ST 65C §§ 2A.</p> <p>For decedents dying on or after January 1, 2003, pick-up tax is frozen at federal state death tax credit in effect on December 31, 2000. MA ST 65C §§ 2A(a), as amended July 2002.</p> <p>Tax imposed on estates exceeding applicable exclusion amount in effect on December 31, 2000 (including scheduled increases under pre-EGTRRA law), even if that amount is below EGTRRA applicable exclusion amount. See, Taxpayer Advisory Bulletin (Dec. 2002), DOR Directive 03-02, Mass. Guide to Estate Taxes (2003) and TIR 02-18 published by Mass. Dept. of Rev.</p>		\$1,000,000

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		<p>Massachusetts Department of Revenue has issued directive, pursuant to which separate Massachusetts QTIP election can be made when applying state's new estate tax based upon pre-EGTRRA federal state death tax credit.</p>		
Michigan	None	<p>Tax was tied to federal state death tax credit. MI ST §§ 205.232; 205.256</p>		
Minnesota	Pick-up Only	<p>Tax frozen at federal state death tax credit in effect on December 31, 2000, clarifying statute passed May 2002.</p> <p>Tax imposed on estates exceeding federal applicable exclusion amount in effect on December 31, 2000 (including scheduled increases under pre-EGTRRA law), even if that amount is below EGTRRA applicable exclusion amount. MN ST §§ 291.005; 291.03; instructions for MS Estate Tax Return; MN Revenue Notice 02-16.</p> <p>No separate state QTIP election permitted.</p>		\$1,000,000
Mississippi	None	Tax was tied to federal		

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		<p>state death tax credit. MS ST § 27-9-5.</p> <p>Although law is ambiguous, there is probably no state death tax.</p>		
Missouri	None	<p>Tax was tied to federal state death tax credit. MO ST §§ 145.011; 145.091.</p>		
Montana	None	<p>Tax was tied to federal state death tax credit. MT St § 72-16-904; 72-16-905.</p>		
Nebraska	County Inheritance Tax	<p>Nebraska through 2006 imposed a pick-up tax at the state level. Counties impose and collect a separate inheritance tax.</p> <p>NEB REV ST. § 77-2101.01(1).</p>		
Nevada	None	<p>Tax was tied to federal state death tax credit. NV ST §§ 375A.025; 375A.100.</p>		
New Hampshire	None	<p>Pick-up tax was tied to federal state death tax credit. NH ST §§ 87:1; 87:7.</p>	<p>In New Hampshire, two bills were introduced in 2009. House Bill 543 would have established an inheritance tax on collateral heirs while House Bill 691 would have</p>	

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			created an 8% estate tax and a threshold for New Hampshire estate tax of \$2 million.	
New Jersey	Pick-up Plus Inheritance	<p>For decedents dying after December 31, 2002, pick-up tax frozen at federal state death tax credit in effect on December 31, 2001.</p> <p>Pick-up tax imposed on estates exceeding federal applicable exclusion amount in effect December 31, 2001 (\$675,000), not including scheduled increases under pre-EGTRRA law, even though that amount is below the lowest EGTRRA applicable exclusion amount.</p> <p>The executor has the option of paying the above pick-up tax or a similar tax prescribed by the NJ Dir. Of Div. of Taxn. NJ St §§ 54:38-1; approved on July 1, 2002.</p> <p><u>In Oberhand v. Director, Div. of Tax</u>, 193 N.J. 558 (2008), the retroactive application of New Jersey's decoupled estate tax to the estate of a decedent dying prior to</p>		\$675,000

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		<p>the enactment of the tax was declared "manifestly unjust", where the will included marital formula provisions.</p> <p>In <u>Estate of Stevenson v. Director</u>, 008300-07 (N.J.Tax 2-19-2008) the NJ Tax Court held that in calculating the New Jersey estate tax where a marital disposition was burdened with estate tax, creating an interrelated computation, the marital deduction must be reduced not only by the actual NJ estate tax, but also by the hypothetical federal estate tax that would have been payable if the decedent had died in 2001.</p> <p>A QTIP election for NJ estate tax purposes is only allowed to the extent permitted to reduce federal estate tax.</p>		
New Mexico	None	Tax was tied to federal state death tax credit. NM ST §§ 7-7-2; 7-7-3.		
New York	Pick-up Only	<p>Tax frozen at federal state death tax credit in effect on July 22, 1998. NY TAX § 951.</p> <p>In 2002 and 2003, tax imposed only on estates exceeding EGTRRA</p>	A9710 which was introduced in the New York State Assembly on January 19, 2010 would clarify that the	\$1,000,000

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		<p>applicable exclusion amount. Thereafter, tax imposed on estates exceeding \$1 million. NY TAX §§ 952; 951; Instructions for NY Estate Tax Return.</p> <p>Governor signed S. 6060 in 2004 which applies New York Estate Tax on a <i>pro rata</i> basis to non-resident decedents with property subject to New York Estate Tax.</p> <p>No separate state QTIP election permitted.</p> <p>Advisory Opinion (TSB-A-08(1)M (October 24, 2008) provides that an interest in an S Corporation owned by a non-resident and containing a condominium in New York is an intangible asset as long as the S Corporation has a real business purpose. If the S Corporation has no business purpose, it appears that New York would look through the S Corporation and subject the condominium to New York estate tax in the estate of the non-resident. There would likely be no business purpose if the sole reason for forming</p>	<p>New York threshold is \$1 million as of January 1, 2010. Currently, the law provides that the New York exemption is the tax on the unified credit on the date of a decedent's death not to exceed the tax on an estate of \$1 million. This raised the issue that since there was no federal unified credit this year, was there a New York tax.</p>	

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		the S Corporation was to own assets.		
North Carolina	None as of January 1, 2010	<p>Tax was frozen at federal state death tax credit in effect on January 1, 2001.</p> <p>Tax was imposed only on estates exceeding EGTRRA applicable exclusion amount.</p> <p>On August 2, 2004, Governor Easley signed Session Law 04-170, which adds to the tax base the amount of the federal deduction for taxes paid under § 2058. This eliminated an interrelated calculation of the North Carolina estate tax. NC ST §§ 105-32.2; 105-32.1; 105-228.90.</p> <p>No separate state QTIP election permitted.</p>		
North Dakota	None	Tax was tied to federal state death tax credit. ND ST § 57-37.1-04		
Ohio	Separate state tax	<p>Governor Taft signed the budget bill, 2005 HB 66, repealing the Ohio estate (sponge) tax prospectively and granting credit for it retroactively. This was effective June 30, 2005 and killed the sponge tax.</p> <p>Separate state estate tax rates may be found at OH ST § 5731.02.</p>	HB 61 introduced in March 2009 would reduce the Ohio estate tax by increasing the allowable credit. It also provides for a local option to repeal the estate tax.	\$338,333

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		Ohio permits a separate QTIP for its state tax. OH ST § 5731.15(B)		
Oklahoma	None	The separate estate tax was phased out as of January 1, 2010.		
Oregon	Pick-up Only	<p>Tax frozen at the federal state death tax credit in effect December 31, 2001, pursuant to HB 3072, enacted on September 24, 2003.</p> <p>For 2002, tax imposed only on estates exceeding EGTRRA applicable exclusion amount.</p> <p>For decedents dying on or after January 1, 2003, tax imposed on estates exceeding applicable exclusion amount in effect on December 31, 2000 (including scheduled increases under pre-EGTRRA law) even if that amount is below EGTRRA applicable exclusion amount.</p> <p>The new law permits a separate QTIP election for state purposes. OR ST § 118.010; Oregon Inheritance Tax Return; Inheritance Tax Advisory as of 11/4/03 from OR Dept. of Revenue.</p> <p>On July 31, 2004, Oregon Department of Revenue</p>		\$1,000,000

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		<p>adopted rule amendments with respect to the calculation of the tax.</p> <p>Oregon also permits a separate state marital election for a trust of which the surviving spouse is the sole discretionary beneficiary. This is referred to as special marital property. OR. ST. §§ 118.005 to 118.840</p>		
Pennsylvania	Inheritance	<p>Tax was tied to federal state death tax credit. PA ST T. 72 P.S. §9117 amended December 23, 2003.</p> <p>Pennsylvania had decoupled its pick-up tax in 2002, but has now recoupled retroactively. The recoupling does not affect the Pennsylvania inheritance tax which is independent of the federal state death tax credit.</p> <p>Pennsylvania recognizes a state QTIP election.</p>		
Rhode Island	Pick-up Only	<p>Tax frozen at federal state death tax credit in effect on January 1, 2001. RI ST § 44-22-1.1.</p> <p>Rhode Island recognized a separate state QTIP election in the State's Tax Division Ruling Request No. 2003-03.</p>		\$850,000

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		<p>Rhode Island's Governor signed into law on June 30, 2009, effective for deaths occurring on or after January 1, 2010, an increase in the amount exempt from Rhode Island estate tax from \$675,000, to \$850,000, with annual adjustments beginning for deaths occurring on or after January 1, 2011 based on "the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U). . . rounded up to the nearest five dollar (\$5.00) increment." HB 5983.</p>		
South Carolina	None	<p>Tax was tied to federal state death tax credit. SC ST §§ 12-16-510; 12-16-20 and 12-6-40, amended in 2002.</p>		
South Dakota	None	<p>Tax was tied to federal state death tax credit. SD ST §§ 10-40A-3; 10-40A-1 (as amended Feb. 2002).</p>		
Tennessee	Inheritance	<p>Pick-up tax was tied to federal state death tax credit. TN ST §§ 67-8-202; 67-8-203.</p> <p>Tennessee has not decoupled, but has a separate inheritance tax and recognizes by</p>		

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		administrative pronouncement a separate state QTIP election.		
Texas	None	Tax was tied to federal state death tax credit. TX TAX §§ 211.001; 211.003; 211.051		
Utah	None	Tax was tied to federal state death tax credit. UT ST § 59-11-102; 59-11-103.		
Vermont	Pick-up Only	<p>Tax frozen at federal state death tax credit in effect on January 1, 2001. VT ST T. 32 §§ 7402(8), 7442a, 7475, amended on June 21, 2002.</p> <p>HB 706 was approved in 2006 to provide that the Vermont tax is calculated without taking the federal deduction for state death taxes into account.</p> <p>No separate state QTIP election permitted.</p>	Legislature on June 2, 2009 overrode Governor's veto of H. 442 which reduces the threshold for Vermont's tax to \$2,000,000.	\$2,000,000
Virginia	Pick-up Only (repealed, effective July 1, 2007)	<p>Tax frozen at federal state death tax credit in effect on January 1, 1978.</p> <p>Tax imposed only on estates exceeding EGTRRA federal applicable exclusion amount. VA ST §§ 58.1-901; 58.1-902.</p> <p>The Virginia tax is repealed effective July 1, 2007.</p>	Three bills were introduced in 2009 to create a new death tax, exempting the estates of families and businesses valued at under \$5 million, while imposing a tax as high as 16% on estates	

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			valued over that amount. This would have generated over \$100 million in new revenue for Virginia government. None made it out of committee.	
Washington	Separate Estate Tax	<p>On February 3, 2005, Washington State Supreme Court unanimously held that Washington's state death tax was unconstitutional. Tax was tied to the current federal state death tax credit, thus reducing the tax for the years 2002 - 2004 and eliminating it for the years 2005 - 2010. <u>Hemphill v. State Department of Revenue</u> 2005 WL 240940 (Wash. 2005).</p> <p>In response to <u>Hemphill</u>, the Washington State Senate on April 19 and the Washington House on April 22, 20, by narrow majorities, passed a stand-alone state estate tax with rates ranging from 10% to 19%, a \$1.5 million exemption in 2005 and \$2 million thereafter, and a deduction for farms for</p>		\$2,000,000

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		<p>which a Sec. 2032A election could have been taken (regardless of whether the election is made). The Governor signed the legislation. WA ST §§ 83.100.040; 83.100.020.</p> <p>Washington voters defeated a referendum to repeal the Washington estate tax in the November 2006 elections.</p>		
West Virginia	None	<p>Tax was tied to federal state death tax credit. WV § 11-11-3.</p>		
Wisconsin	None	<p>As of January 1, 2008, tax is tied to current federal state death tax credit. WI ST § 72.01(11m). Thus, there currently is no tax.</p> <p>For deaths occurring after September 30, 2002, and before January 1, 2008, tax was frozen at federal state death tax credit in effect on December 31, 2000 and was imposed on estates exceeding federal applicable exclusion amount in effect on December 31, 2000 (\$675,000), not including scheduled increases under pre-EGTRRA law, even though that amount is below the lowest EGTRRA applicable exclusion amount. Thereafter, tax imposed</p>		

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		<p>only on estates exceeding EGTRRA federal applicable exclusion amount. WI ST §§ 72.01; 72.02, amended in 2001; WI Dept. of Revenue website.</p> <p>On April 15, 2004, the Wisconsin governor signed 2003 Wis. Act 258, which provides that Wisconsin will not impose an estate tax with respect to the intangible personal property of a non-resident decedent that has a taxable situs in Wisconsin even if the non-resident's state of domicile does not impose a death tax. Previously, Wisconsin would impose an estate tax with respect to the intangible personal property of a non-resident decedent that had a taxable situs in Wisconsin if the state of domicile of the non-resident had no state death tax.</p>		
Wyoming	None	Tax tied to federal state death tax credit. WY ST §§ 39-19-103; 39-19-104.		