

State Death Taxes

As more states experience deficits in their budgets a growing number have begun to impose their own tax on property transferred at an individual's death. In fact, state death taxes have emerged as the primary concern for most individuals because it's not unusual for a state to assess taxes even where federal taxes are avoided. Consequently, in light of the recent changes individuals should be reviewing their estate plans.

The states listed in the chart below have death taxes.*

State	Death Tax Type	Top Tax Rate	Amount Exempt from Tax
Connecticut	Estate	12%	\$3,600,000 (Increasing)**
Hawaii***	Modified Pick-up	16%	\$5,490,000(indexed)
Illinois	Modified Pick-up	16%	\$4,000,000
Iowa	Inheritance	15%	Varies
Kentucky	Inheritance	16%	Varies
Maine	Pick-up	12%	\$5,700,000 (indexed)
Maryland***	Pick-up & Inheritance	16%	\$5,000,000 (increasing)
Massachusetts	Pick-up	16%	\$1,000,000
Minnesota	Pick-up	16%	\$2,700,000 (increasing)
Nebraska	County Inheritance	18%	Varies
New Jersey	Inheritance	16%	Varies
New York	Pick-up	16%	\$5,740,000 (increasing)
Oregon	Separate Estate Tax	16%	\$1,000,000
Pennsylvania	Inheritance	15%	Varies
Rhode Island	Pick-up	16%	\$1,561,719 (indexed)
Vermont	Modified Pick-up	16%	\$2,750,000
Washington	Separate Estate Tax	19%	\$2,193,000 (indexed)
Washington D.C.	Pick-up	16%	\$5,681,760 (indexed)

* Source: www.mcquirewoods.com as of 1/26/2019

** Connecticut is the only state to impose a gift tax. Connecticut increased their exemption effective starting 2019 with gradual increases to match the federal starting January 2023.

*** Hawaii and Maryland have enacted portability of exemption between spouses. Otherwise, most, but not all, decoupled states have a separate marital QTIP trust election for their state.

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