

2021 State Estate Tax and Inheritance Tax Chart

In 2001, President George W. Bush signed the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) into law. Among the many changes EGTRRA made to estate tax laws, it began phasing out the federal estate tax credit for state estate taxes paid. Prior to the creation of EGTRRA, most states relied on a “sponge tax” that set the states’ estate tax equal to the amount of the federal estate tax credit for state estate taxes. This meant that states could receive estate tax revenue without increasing the tax burden on their residents’ estates. When EGTRRA repealed the federal credit in 2005, replacing it with a federal deduction, most states found they no longer received any estate tax revenue.

The response to this loss of revenue varied from state to state. Many states decoupled from the federal estate tax system, choosing instead to enact separate estate taxes. Currently, 12 states and the District of Columbia levy an estate tax that is separate from the federal estate tax. In addition, six states levy an inheritance tax instead of or in conjunction with the federal estate tax, Maryland being the only state that imposes both. The remaining states have either done nothing by not decoupling or have taken steps to ensure that they do not have a state estate tax.

The Tax Cuts and Jobs Act of 2017 doubles the federal estate tax exclusion — \$11.7 million per person in 2021, but this provision expires December 31, 2025. Where the state matches its exemption to the federal exemption, note whether the state’s definition is equal to federal estate tax applicable exclusion amount prior to the 2017 Tax Act which is \$5,000,000 adjusted for inflation. Below is a list of states that levy some sort of tax on a decedent’s estate. States that are not listed do not apply a tax to the transfer of property at death. This list was up to date as of December 2020. However, state laws change frequently, and the following information may not reflect those changes.

State	Type of Tax	2021 Exemption	2021 Top Tax Rate	Notes
Connecticut	Estate Tax	\$7,100,000	12%	Exemption Scheduled Increases: 2022 - \$9,100,000 2023 - Federal Exemption Estate tax currently capped at \$15 million. Also collects a state gift tax (unified with estate tax). Thus, prior taxable gifts are includable in the estate. A state Qualified Terminable Interest Property (QTIP) election is permitted. For decedents dying on or after July 1, 2009, the Connecticut tax is due six months after date of death.
District of Columbia	Estate Tax	\$4,000,000	16%	The Estate Tax Adjustment Amendment Act of 2020 reduced the current estate tax exemption from \$5,762,400 to \$4,000,000 in 2021. The exemption is adjusted annually for inflation.
Hawaii	Estate Tax	\$5,490,000	20%	Exemption retroactively set to match federal exemption as it existed on 12/21/17, before 2017 Tax Act was enacted. Effective January 1, 2020, Hawaii increased the rate of its state estate tax on estates valued at over \$10,000,000 to 20%. Taxable gifts reduce the exemption. DSUE may be used where “portability election” was filed for deceased spouse’s estate.
Illinois	Estate Tax	\$4,000,000	16%	Prior taxable gifts are includable in the estate. A separate QTIP election is allowed.
Iowa	Inheritance Tax	\$25,000	15%	Inheritance tax applies on transfers to other than lineal ascendants and descendants.



State	Type of Tax	2021 Exemption	2021 Top Tax Rate	Notes
Kentucky	Inheritance Tax	\$500 - \$1,000	16%	Inheritance tax applies on transfers to other than spouse, parents, children, grandchildren, and siblings.
Maine	Estate Tax	\$5,900,000	12%	Maine exclusion amount "means the basic exclusion amount determined for the calendar year in accordance with Section 2010(c) (3) of the "Code." 36 M.R.S. § 4102(5). However, Maine's tax law defines "Code" as the United States Internal Revenue Code of 1986 and any amendments to that Code as of December 31, 2016. The exemption is adjusted annually for inflation. A separate QTIP election is allowed. Taxable gifts made within one year of death are includable in the estate.
Maryland	Estate Tax Inheritance Tax	\$5,000,000 \$1,000	16% 10%	The \$5 million exemption is not indexed for inflation. Beginning 2019, portability of the unused predeceased spouse's Maryland exemption amount to the surviving spouse is allowed. A separate state QTIP election is permitted.
Massachusetts	Estate Tax	\$1,000,000	16%	Exemption only applies if the estate is \$1 million or less. Taxable gifts are utilized in determining whether a decedent has a filing obligation in Massachusetts; however, they are not subject to the estate tax. A separate state QTIP election is permitted.
Minnesota	Estate Tax	\$3,000,000	16%	Taxable gifts made within three years of death are includable in the estate. A separate state QTIP election is permitted.
Nebraska	Inheritance Tax	\$40,000 \$15,000 \$10,000	1% – Close Relatives 13% – Remote Relatives 18% – Others	
New Jersey	Inheritance Tax	\$25,000	16%	Inheritance tax applies on transfers to other than the decedent's spouse; children, grandchildren, etc.; parents, grandparents, etc.; mutually acknowledged children; and stepchildren (but not step-grandchildren or their descendants).
New York	Estate Tax	\$5,930,000*	16%	Equal to federal estate tax applicable exclusion amount prior to the 2017 Tax Act, which is \$5,000,000 adjusted for inflation. Taxable gifts made within three years of death are includable in the estate. New York permits a separate QTIP election where the value of the gross estate is too low to require a federal return. If a federal return is required, an NY QTIP election is allowed only if a similar election is made on the federal return. * The New York estate tax is a cliff tax. If the value of the estate is more than 105% of the then current exemption, the exemption is not available.
Oregon	Estate Tax	\$1,000,000	16%	A separate QTIP election for state purposes is permitted.
Pennsylvania	Inheritance Tax	None	0% – Spouse 4.5% – Children 12% – Siblings 15% – All Others	
Rhode Island	Estate Tax	\$1,595,156	16%	Exemption adjusted for inflation annually. A state QTIP election is permitted. Prior taxable gifts are includable in the estate.
Vermont	Estate Tax	\$5,000,000	16%	State has a flat 16% estate tax on everything above the exemption. Taxable gifts made within two years of death are includable in the estate. No separate state QTIP election is permitted.
Washington	Estate Tax	\$2,193,000	20%	Exemption adjusted for inflation annually. A separate state QTIP election is permitted. Washington offers an additional \$2.5 million deduction for family-owned businesses valued at less than \$6 million.

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