

HOUSE BILL 525

Q7

4lr2205

By: **Delegates Fisher, Afzali, Aumann, Bates, Boteler, Haddaway–Ricchio,
McDermott, Myers, Serafini, Smigiel, Stocksdales, and Stukes**

Introduced and read first time: January 29, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Estate Tax – Qualified Agricultural Property – Repeal of Recapture**
3 **Provisions**

4 FOR the purpose of repealing certain provisions of law providing for the recapture of
5 Maryland estate tax imposed on certain agricultural property under certain
6 circumstances; providing for the application of this Act; and generally relating
7 to the Maryland estate tax.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 7–309(c)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2013 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – Tax – General**

16 7–309.

17 (c) (1) (i) In this subsection the following words have the meanings
18 indicated.

19 (ii) “Farming purposes” has the meaning stated in § 2032A(e)(5)
20 of the Internal Revenue Code.

21 (iii) “Qualified agricultural property” means real or personal
22 property that is used primarily for farming purposes.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iv) "Qualified recipient" means an individual who enters into an
2 agreement to use qualified agricultural property for farming purposes after the
3 decedent's death.

4 (2) The Maryland estate tax shall be determined by excluding from the
5 value of the gross estate up to \$5,000,000 of the value of qualified agricultural
6 property that passes from the decedent to or for the use of a qualified recipient.

7 (3) If the value of qualified agricultural property that passes from the
8 decedent to or for the use of a qualified recipient exceeds \$5,000,000, the Maryland
9 estate tax imposed on the Maryland estate of the decedent may not exceed the sum of:

10 (i) 16% of the amount by which the decedent's taxable estate,
11 excluding the value of all qualified agricultural property that passes from the decedent
12 to or for the use of a qualified recipient, exceeds \$1,000,000; and

13 (ii) 5% of the amount by which the value of qualified
14 agricultural property that passes from the decedent to or for the use of a qualified
15 recipient exceeds \$5,000,000.

16 (4) [(i) The Maryland estate tax shall be recaptured as provided in
17 this paragraph if, within 10 years after the decedent's death, the qualified agricultural
18 property ceases to be used for farming purposes.

19 (ii) The amount of the estate tax imposed under this paragraph
20 shall be the additional Maryland estate tax that would have been payable at the time
21 of the decedent's death but for the provisions under paragraphs (2) and (3) of this
22 subsection.

23 (5)] The Comptroller shall adopt regulations to implement this
24 subsection.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 2014, and shall be applicable to decedents dying after December 31, 2013.