

HOUSE BILL 1571

Q7

0lr3649

By: **Delegates Conway, Bohanan, Cane, DeBoy, Eckardt, Elliott, Elmore, Haddaway, Jameson, Krebs, Kullen, Levy, Malone, Mathias, McDonough, Murphy, Rudolph, Shewell, Smigiel, Sossi, Stocksdales, Stull, Walkup, and Wood**

Rules suspended

Introduced and read first time: April 3, 2010

Rules suspended

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Estate Tax – Pilot Program for Payment Deferral for Qualified**
3 **Agricultural Property**

4 FOR the purpose of providing for a certain payment deferral under certain
5 circumstances for certain Maryland estate tax imposed on certain agricultural
6 property; providing that Maryland estate tax subject to a payment deferral shall
7 become due immediately under certain circumstances; providing that certain
8 Maryland estate tax subject to a payment deferral shall be paid without interest
9 in accordance with a certain schedule over a certain period; requiring the
10 Comptroller to submit a certain report to the General Assembly and the
11 Maryland Agricultural Land Preservation Foundation by a certain date;
12 providing for the application of this Act; providing for the termination of this
13 Act; defining certain terms; and generally relating to a pilot program for a
14 payment deferral under certain circumstances for certain Maryland estate tax
15 imposed on certain agricultural property.

16 BY adding to

17 Article – Tax – General

18 Section 7–307(e)

19 Annotated Code of Maryland

20 (2004 Replacement Volume and 2009 Supplement)

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

23 **Article – Tax – General**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 7-307.

2 (E) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE
3 THE MEANINGS INDICATED.

4 (II) "FARMING PURPOSES" HAS THE MEANING STATED IN §
5 2032A(E)(5) OF THE INTERNAL REVENUE CODE.

6 (III) "QUALIFIED AGRICULTURAL PROPERTY" MEANS REAL
7 OR PERSONAL PROPERTY THAT IS USED PRIMARILY FOR FARMING PURPOSES.

8 (IV) "QUALIFIED RECIPIENT" MEANS AN INDIVIDUAL WHO
9 ENTERS INTO AN AGREEMENT TO USE QUALIFIED AGRICULTURAL PROPERTY
10 FOR FARMING PURPOSES AFTER THE DECEDENT'S DEATH.

11 (2) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, ON
12 APPLICATION OF THE PERSON RESPONSIBLE FOR PAYING THE MARYLAND
13 ESTATE TAX, THE COMPTROLLER SHALL ALLOW A PAYMENT DEFERRAL FOR UP
14 TO 5 YEARS FROM THE DUE DATE SPECIFIED IN § 7-306 OF THIS SUBTITLE FOR
15 THE MARYLAND ESTATE TAX IMPOSED ON QUALIFIED AGRICULTURAL
16 PROPERTY THAT PASSES FROM THE DECEDENT TO OR FOR THE USE OF A
17 QUALIFIED RECIPIENT.

18 (3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,
19 THE AMOUNT OF TAX ELIGIBLE FOR A PAYMENT DEFERRAL AS PROVIDED
20 UNDER THIS SUBSECTION IS THE AMOUNT DETERMINED BY MULTIPLYING THE
21 MARYLAND ESTATE TAX BY A FRACTION:

22 1. THE NUMERATOR OF WHICH IS THE VALUE OF
23 QUALIFIED AGRICULTURAL PROPERTY THAT PASSES FROM THE DECEDENT TO
24 OR FOR THE USE OF A QUALIFIED RECIPIENT; AND

25 2. THE DENOMINATOR OF WHICH IS THE VALUE OF
26 THE GROSS ESTATE OF THE DECEDENT.

27 (II) THE AMOUNT OF TAX DEFERRED UNDER THIS SECTION
28 MAY NOT EXCEED \$375,000 AS TO ANY DECEDENT.

29 (4) NOTWITHSTANDING A PAYMENT DEFERRAL UNDER THIS
30 SUBSECTION, THE MARYLAND ESTATE TAX ON QUALIFIED AGRICULTURAL
31 PROPERTY THAT PASSES FROM THE DECEDENT TO OR FOR THE USE OF A
32 QUALIFIED RECIPIENT DEFERRED UNDER THIS SECTION SHALL BECOME DUE

1 IMMEDIATELY IF THE QUALIFIED RECIPIENT CEASES TO USE THE QUALIFIED
2 AGRICULTURAL PROPERTY FOR FARMING PURPOSES BEFORE THE TAX IS PAID.

3 (5) NOTWITHSTANDING § 13-601(D) OF THIS ARTICLE, INTEREST
4 DOES NOT BEGIN ON UNPAID MARYLAND ESTATE TAX THAT IS ALLOWED A
5 PAYMENT DEFERRAL UNDER THIS SUBSECTION UNTIL THE TAX IS DUE UNDER
6 THIS SUBSECTION.

7 (6) IF A PAYMENT DEFERRAL IS ALLOWED UNDER THIS
8 SUBSECTION, A QUALIFIED RECIPIENT SHALL PAY THE DEFERRED MARYLAND
9 ESTATE TAX, WITHOUT INTEREST, IN ACCORDANCE WITH A PAYMENT SCHEDULE
10 PRESCRIBED BY THE COMPTROLLER OVER A 3-YEAR PERIOD BEGINNING IN
11 THE 4TH YEAR AFTER THE DUE DATE.

12 (7) TO BE ELIGIBLE FOR A PAYMENT DEFERRAL UNDER THIS
13 SUBSECTION, A QUALIFIED RECIPIENT SHALL:

14 (I) FILE AN APPLICATION FOR THE PAYMENT DEFERRAL
15 AND ENTER INTO AN AGREEMENT IN A FORM SPECIFIED BY THE COMPTROLLER
16 TO USE THE QUALIFIED AGRICULTURAL PROPERTY FOR FARMING PURPOSES
17 AFTER THE DECEDENT'S DEATH; AND

18 (II) FILE PERIODIC REPORTS OR ALLOW PERIODIC
19 INSPECTIONS AS REQUIRED BY THE COMPTROLLER TO ADMINISTER THE
20 PROVISIONS OF THIS SUBSECTION.

21 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1,
22 2013, the Comptroller shall submit a report to the General Assembly, in accordance
23 with § 2-1246 of the State Government Article, and the Maryland Agricultural Land
24 Preservation Foundation on:

25 (1) the number of approved applications for Maryland estate tax
26 payment deferral;

27 (2) the number of agricultural acres in which a Maryland estate tax
28 payment deferral was approved under the payment deferral pilot program;

29 (3) the number of qualified agricultural properties approved for
30 Maryland estate tax payment deferral that apply to preserve agricultural land under
31 the Maryland Agricultural Land Preservation Foundation;

32 (4) the aggregate value of Maryland estate tax payment deferrals
33 approved under the payment deferral pilot program;

1 (5) the aggregate amount of Maryland estate taxes paid due to
2 exceeding the maximum amount eligible for payment deferral under the payment
3 deferral pilot program; and

4 (6) recommendations for implementing a Maryland estate tax
5 payment deferral program in the State.

6 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2010, and shall be applicable to decedents dying after December 31, 2010. It
8 shall remain effective for a period of 4 years and, at the end of June 30, 2014, with no
9 further action required by the General Assembly, this Act shall be abrogated and of no
10 further force and effect.