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By: **Delegates Rudolph, Boutin, W. Baker, Bohanan, Stull, D'Amato, Hecht, Bozman, James, and Glassman Glassman, Hixson, Shank, Finifter, Phillips, Cryor, McKee, Rosso, Bartlett, Carlson, and Shriver**

Introduced and read first time: February 10, 2000  
Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 21, 2000

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Income Tax - Gain Recognized on Sale of Agricultural Land Preservation**  
3 **Easement Preservation and Conservation Easements**

4 FOR the purpose of allowing a credit against the State income tax for certain  
5 donations of land or an interest in land to the Maryland Environmental Trust;  
6 providing a subtraction modification under the Maryland income tax for certain  
7 gain recognized on the sale or other disposition of an easement or other interest  
8 in agricultural land to the Maryland Agricultural Land Preservation  
9 Foundation; requiring that for purposes of the credit the fair market value of a  
10 donation be substantiated by a certain appraisal; limiting the amount of the  
11 credit that may be allowed for any taxable year; allowing certain unused credit  
12 to be carried forward and used in certain succeeding taxable years; providing an  
13 addition modification for Maryland income tax purposes under certain  
14 circumstances in the amount of the credit allowed; providing for the application  
15 of this Act; and generally relating to ~~an income tax subtraction modification for~~  
16 ~~certain gain recognized on the sale or other disposition of an easement or other~~  
17 ~~interest in agricultural land to the Maryland Agricultural Land Preservation~~  
18 ~~Foundation~~ certain income tax benefits for certain transfers of a preservation or  
19 conservation easement or other interest in land to certain preservation or  
20 conservation programs.

21 BY adding to  
22 Article - Tax - General  
23 Section 10-205(i), 10-207(u), and 10-718  
24 Annotated Code of Maryland

1 (1997 Replacement Volume and 1999 Supplement)

2 ~~BY repealing and reenacting, with amendments,~~

3 ~~Article - Tax - General~~

4 ~~Section 10-207(a) and 10-306(b)~~

5 ~~Annotated Code of Maryland~~

6 ~~(1997 Replacement Volume and 1999 Supplement)~~

7 ~~BY repealing and reenacting, without amendments,~~

8 ~~Article - Tax - General~~

9 ~~Section 10-207(a)~~

10 ~~Annotated Code of Maryland~~

11 ~~(1997 Replacement Volume and 1999 Supplement)~~

12 ~~BY adding to~~

13 ~~Article - Tax - General~~

14 ~~Section 10-207(u)~~

15 ~~Annotated Code of Maryland~~

16 ~~(1997 Replacement Volume and 1999 Supplement)~~

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

19 **Article - Tax - General**

20 10-205.

21 (I) UNLESS AN INDIVIDUAL ELECTS TO USE THE STANDARD DEDUCTION  
22 UNDER § 10-217 OF THIS SUBTITLE TO COMPUTE MARYLAND TAXABLE INCOME, THE  
23 ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF A  
24 CREDIT CLAIMED UNDER § 10-718 OF THIS TITLE FOR THE DONATION OF A  
25 CONSERVATION EASEMENT TO THE MARYLAND ENVIRONMENTAL TRUST.

26 10-207.

27 (a) To the extent included in federal adjusted gross income, the amounts under  
28 this section are subtracted from the federal adjusted gross income of a resident to  
29 determine Maryland adjusted gross income.

30 (U) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES  
31 THE AMOUNT OF ANY GAIN RECOGNIZED ON THE SALE OR OTHER DISPOSITION OF  
32 AN EASEMENT OR OTHER INTEREST IN AGRICULTURAL LAND TO THE MARYLAND  
33 AGRICULTURAL LAND PRESERVATION FOUNDATION.

1 10-306.

2 (b) The addition under subsection (a) of this section includes the additions  
3 required for an individual under:

4 (1) § 10-205(b) of this title (Enterprise zone wage credit, employment  
5 opportunity credit, and disability credit);

6 (2) § 10-205(c) of this title (Reforestation and timber stand  
7 modification);

8 (3) § 10-205(e) of this title (Net operating loss modification); [and]

9 (4) § 10-205(g) of this title (Unlicensed child care facility operating  
10 expenses); AND

11 (5) § 10-205(I) OF THIS TITLE (CREDIT FOR DONATION OF CONSERVATION  
12 EASEMENT).

13 10-718.

14 (A) (1) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST  
15 THE STATE INCOME TAX IN AN AMOUNT EQUAL TO 50% OF THE FAIR MARKET VALUE  
16 OF ANY LAND OR INTEREST IN LAND:

17 (I) DONATED TO THE MARYLAND ENVIRONMENTAL TRUST; AND

18 (II) ACCEPTED AND APPROVED BY THE BOARD OF PUBLIC WORKS.

19 (2) THE CREDIT UNDER THIS SECTION SHALL BE ALLOWED FOR THE  
20 TAXABLE YEAR IN WHICH THE DONATION IS APPROVED BY THE BOARD OF PUBLIC  
21 WORKS.

22 (3) THE FAIR MARKET VALUE OF A DONATION FOR WHICH A CREDIT IS  
23 CLAIMED UNDER THIS SECTION SHALL BE SUBSTANTIATED BY AN APPRAISAL  
24 PREPARED BY A CERTIFIED APPRAISER, AS DEFINED UNDER § 16-101 OF THE  
25 BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE.

26 (4) FOR ANY TAXABLE YEAR, THE AMOUNT OF THE CREDIT THAT MAY BE  
27 CLAIMED UNDER THIS SECTION MAY NOT EXCEED:

28 (I) \$50,000 FOR AN INDIVIDUAL; AND

29 (II) \$100,000 FOR A CORPORATION.

30 (5) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE  
31 YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL  
32 OR CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE  
33 INCOME FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

34 (I) THE FULL AMOUNT OF THE EXCESS IS USED; OR

1                    (II)       THE EXPIRATION OF THE 10TH TAXABLE YEAR AFTER THE  
2 TAXABLE YEAR IN WHICH THE DONATION WAS APPROVED BY THE BOARD OF PUBLIC  
3 WORKS.

4            (B)       THE CREDIT UNDER THIS SECTION MAY NOT BE ALLOWED FOR  
5 DEDICATIONS OF OPEN SPACE FOR THE PURPOSE OF FULFILLING DENSITY  
6 REQUIREMENTS TO OBTAIN SUBDIVISION OR BUILDING PERMITS.

7       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,  
9 1999.