

---

By: **Senators Hooper, Brinkley, Colburn, Dyson, Garagiola, Hafer, Haines,  
Harris, Jacobs, Kittleman, Middleton, Mooney, Munson, Pipkin, and  
Stoltzfus**

Introduced and read first time: February 3, 2006  
Assigned to: Budget and Taxation

---

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Estate Tax - Exclusion for Family Farms Subject to Agricultural**  
3 **Preservation Easements**

4 FOR the purpose of altering the determination of the Maryland estate tax under  
5 certain circumstances to exclude from the value of the gross estate the value of  
6 certain real property subject to certain agricultural preservation easements;  
7 providing for the application of this Act; and generally relating to the Maryland  
8 estate tax.

9 BY repealing and reenacting, with amendments,  
10 Article - Tax - General  
11 Section 7-309(b)(1) and (2)  
12 Annotated Code of Maryland  
13 (2004 Replacement Volume and 2005 Supplement)

14 BY adding to  
15 Article - Tax - General  
16 Section 7-309(c)  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume and 2005 Supplement)

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

21 **Article - Tax - General**

22 7-309.

23 (b) (1) Except as provided in paragraphs (2) and (3) of this subsection AND  
24 SUBSECTION (C) OF THIS SECTION, after the effective date of an Act of Congress  
25 described in subsection (a) of this section, the Maryland estate tax shall be  
26 determined using:

1 (i) the federal credit allowable by § 2011 of the Internal Revenue  
2 Code as in effect before the reduction or repeal of the federal credit pursuant to the  
3 Act of Congress; and

4 (ii) other provisions of federal estate tax law as in effect on the date  
5 of the decedent's death.

6 (2) Except as provided in paragraph (3) of this subsection AND  
7 SUBSECTION (C) OF THIS SECTION, if the federal estate tax is not in effect on the date  
8 of the decedent's death, the Maryland estate tax shall be determined using:

9 (i) the federal credit allowable by § 2011 of the Internal Revenue  
10 Code as in effect before the reduction or repeal of the federal credit pursuant to the  
11 Act of Congress; and

12 (ii) other provisions of federal estate tax law as in effect on the date  
13 immediately preceding the effective date of the repeal of the federal estate tax.

14 (C) (1) IN THIS SUBSECTION, "CHILD" AND "PARENT" HAVE THE MEANINGS  
15 STATED IN § 7-203(B) OF THIS TITLE.

16 (2) THE MARYLAND ESTATE TAX SHALL BE DETERMINED BY  
17 EXCLUDING FROM THE VALUE OF THE GROSS ESTATE THE VALUE OF ANY REAL  
18 PROPERTY THAT:

19 (I) IS SUBJECT TO A PERPETUAL AGRICULTURAL PRESERVATION  
20 EASEMENT THAT HAS BEEN GRANTED TO:

21 1. THE MARYLAND AGRICULTURAL LAND PRESERVATION  
22 FOUNDATION; OR

23 2. A LOCAL AGRICULTURAL LAND PRESERVATION PROGRAM  
24 THAT HAS BEEN APPROVED BY THE MARYLAND AGRICULTURAL LAND  
25 PRESERVATION FOUNDATION; AND

26 (II) PASSES FROM THE DECEDENT TO OR FOR THE USE OF:

27 1. A SPOUSE, PARENT, OR GRANDPARENT OF THE  
28 DECEDENT;

29 2. A CHILD OF THE DECEDENT OR A LINEAL DESCENDANT  
30 OF A CHILD OF THE DECEDENT;

31 3. A SPOUSE OF A CHILD OF THE DECEDENT OR A SPOUSE OF  
32 A LINEAL DESCENDANT OF A CHILD OF THE DECEDENT; OR

33 4. A BROTHER OR SISTER OF THE DECEDENT.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 July 1, 2006, and shall be applicable to decedents dying after December 31, 2005.