

SENATE BILL 513

Q7

1lr2166

By: **Senator Middleton**

Introduced and read first time: February 4, 2011

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 25, 2011

CHAPTER _____

1 AN ACT concerning

2 **Maryland Estate Tax – Payment Deferral for Qualified Agricultural**
3 **Property – ~~Waiver~~ Extension of Payment Requirement Deferral**

4 FOR the purpose of authorizing the Comptroller to grant an extension to a certain
5 deferred tax payment period if a qualified recipient has a pending application to
6 place certain land under a permanent land conservation easement with the
7 Maryland Agricultural Land Preservation Foundation or the Rural Legacy
8 Board; requiring the Comptroller to adopt certain regulations; providing for the
9 application of this Act; and generally relating to estate taxes on agricultural
10 property.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 7–307(e)
14 Annotated Code of Maryland
15 (2010 Replacement Volume)

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

18 **Article – Tax – General**

19 7–307.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (e) (1) (i) In this subsection the following words have the meanings
2 indicated.

3 (ii) "Farming purposes" has the meaning stated in § 2032A(e)(5)
4 of the Internal Revenue Code.

5 (iii) "Qualified agricultural property" means real or personal
6 property that is used primarily for farming purposes.

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

10 (2) Subject to the provisions of this subsection, on application of the
11 person responsible for paying the Maryland estate tax, the Comptroller shall allow a
12 payment deferral for up to 3 years from the due date specified in § 7-306 of this
13 subtitle for the Maryland estate tax imposed on qualified agricultural property that
14 passes from the decedent to or for the use of a qualified recipient.

15 (3) (i) Subject to subparagraph (ii) of this paragraph, the amount
16 of tax eligible for a payment deferral as provided under this subsection is the amount
17 determined by multiplying the Maryland estate tax by a fraction:

18 1. the numerator of which is the value of qualified
19 agricultural property that passes from the decedent to or for the use of a qualified
20 recipient; and

21 2. the denominator of which is the value of the gross
22 estate of the decedent.

23 (ii) The amount of tax deferred under this section may not
24 exceed \$375,000 as to any decedent.

25 (4) Notwithstanding a payment deferral under this subsection, the
26 Maryland estate tax on qualified agricultural property that passes from the decedent
27 to or for the use of a qualified recipient deferred under this section shall become due
28 immediately if the qualified recipient ceases to use the qualified agricultural property
29 for farming purposes before the tax is paid.

30 (5) Notwithstanding § 13-601(d) of this article, interest does not begin
31 on unpaid Maryland estate tax that is allowed a payment deferral under this
32 subsection until the tax is due under this subsection.

33 (6) If a payment deferral is allowed under this subsection, a qualified
34 recipient shall pay the deferred Maryland estate tax, without interest, in accordance
35 with a payment schedule prescribed by the Comptroller over a 3-year period
36 beginning in the 4th year after the due date.

1 (7) To be eligible for a payment deferral under this subsection, a
2 qualified recipient shall:

3 (i) file an application for the payment deferral and enter into
4 an agreement in a form specified by the Comptroller to use the qualified agricultural
5 property for farming purposes after the decedent's death; and

6 (ii) file periodic reports or allow periodic inspections as required
7 by the Comptroller to administer the provisions of this subsection.

8 (8) THE COMPTROLLER MAY GRANT AN EXTENSION OF THE
9 DEFERRED PAYMENT PERIOD ALLOWED UNDER PARAGRAPH (6) OF THIS
10 SUBSECTION IF THE QUALIFIED RECIPIENT HAS A PENDING APPLICATION TO
11 PUT THE LAND ON WHICH THE DEFERRED ESTATE TAX IS DUE UNDER A
12 PERMANENT LAND CONSERVATION EASEMENT WITH:

13 (I) THE MARYLAND AGRICULTURAL LAND PRESERVATION
14 FOUNDATION;

15 (II) THE RURAL LEGACY BOARD; OR

16 (III) AN EASEMENT PURCHASE PROGRAM THAT IS SIMILAR
17 TO THE PROGRAMS LISTED UNDER ITEMS (I) AND (II) OF THIS PARAGRAPH.

18 (9) THE COMPTROLLER SHALL ADOPT REGULATIONS TO
19 IMPLEMENT THIS SUBSECTION.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2011, and shall be applicable to decedents dying after December 31, 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.