

## Chapter 241

(Senate Bill 513)

AN ACT concerning

### Maryland Estate Tax – Payment Deferral for Qualified Agricultural Property – ~~Waiver~~ Extension of Payment Requirement Deferral

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

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 7–307(e)

Annotated Code of Maryland

(2010 Replacement Volume)

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

#### Article – Tax – General

7–307.

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

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

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

(iv) “Qualified recipient” means an individual who enters into an agreement to use qualified agricultural property for farming purposes after the decedent’s death.

(2) Subject to the provisions of this subsection, on application of the person responsible for paying the Maryland estate tax, the Comptroller shall allow a

payment deferral for up to 3 years from the due date specified in § 7–306 of this subtitle for the Maryland estate tax imposed on qualified agricultural property that passes from the decedent to or for the use of a qualified recipient.

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

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

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

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

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

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

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

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

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

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

**(8) THE COMPTROLLER MAY GRANT AN EXTENSION OF THE DEFERRED PAYMENT PERIOD ALLOWED UNDER PARAGRAPH (6) OF THIS SUBSECTION IF THE QUALIFIED RECIPIENT HAS A PENDING APPLICATION TO**

**PUT THE LAND ON WHICH THE DEFERRED ESTATE TAX IS DUE UNDER A PERMANENT LAND CONSERVATION EASEMENT WITH:**

**(I) THE MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION;**

**(II) THE RURAL LEGACY BOARD; OR**

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

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

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

**Approved by the Governor, May 10, 2011.**