

## Chapter 372

**(Senate Bill 306)**

AN ACT concerning

**Agricultural Land Transfer Tax – Calculation**

FOR the purpose of altering the definition of “agricultural land transfer tax” and defining “total rate of tax” to provide that, for purposes of certain provisions of law concerning the calculation of the agricultural land transfer tax, the tax does not include a certain surcharge; making conforming changes; and generally relating to the agricultural land transfer tax.

BY repealing and reenacting, with amendments,  
 Article – Tax – Property  
 Section 13–301, 13–303, and 13–407  
 Annotated Code of Maryland  
 (2012 Replacement Volume and 2015 Supplement)

BY repealing and reenacting, without amendments,  
 Article – Tax – Property  
 Section 13–302  
 Annotated Code of Maryland  
 (2012 Replacement Volume and 2015 Supplement)

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

**Article – Tax – Property**

13–301.

(a) In this subtitle the following words have the meanings indicated.

(b) “Agricultural land” means real property that is or was assessed on the basis of farm or agricultural use under § 8–209 of this article.

(c) (1) “Agricultural land transfer tax” means the tax imposed under **§ 13–302** OF this subtitle.

(2) “Agricultural land transfer tax” [includes] **DOES NOT INCLUDE** the surcharge imposed under § 13–303(d) of this subtitle.

(d) (1) “Total value” means the value of the property as stated in the most recent assessment roll.

(2) “Total value” includes any adjustment in the value of improvements that result from an increase in construction costs as determined by the Department as of the most recent date of finality.

13–302.

(a) Except as otherwise provided in § 13–305 of this subtitle, agricultural land transfer tax is imposed on an instrument of writing that transfers title to agricultural land.

(b) Agricultural land transfer tax is payable in addition to any other transfer tax imposed under this title.

(c) An instrument of writing subject to agricultural land transfer tax may not be recorded in any county until the agricultural land transfer tax is paid to the collector for the county or paid to the Department.

(d) An instrument of writing subject to agricultural land transfer tax may not be filed with the Department until the agricultural land transfer tax is paid to the Department or the collector for the county.

13–303.

(a) The agricultural land transfer tax applies at the following rates:

(1) for a transfer of 20 acres or more of agricultural land, 5%;

(2) except as provided in item (3) of this subsection, for a transfer of less than 20 acres of agricultural land assessed for agricultural use or as unimproved agricultural land, 4%; or

(3) for a transfer of less than 20 acres of agricultural land assessed as improved agricultural land or agricultural land with site improvements, 3%.

(b) If an instrument of writing is subject to different rates of agricultural land transfer tax under subsection (a) of this section, the total agricultural land transfer tax due is computed separately for each portion of agricultural land to which a different rate applies.

(c) Except as provided by § 13–305(c)(2) of this subtitle, the agricultural land transfer tax determined under subsection (a) or subsection (b) of this section is reduced by 25% for each consecutive full taxable year before a transfer in which property tax on the agricultural land was paid on the basis of any assessment other than the farm or agricultural use assessment under § 8–209 of this article.

(d) (1) Except as provided in paragraph (2) of this subsection, in addition to the [tax imposed under this section] **AGRICULTURAL LAND TRANSFER TAX**, a surcharge in an amount equal to 25% of the tax determined under subsections (a) through (c) of this section is imposed on an instrument of writing that transfers title to agricultural land.

(2) The surcharge imposed under paragraph (1) of this subsection does not apply to an instrument of writing that transfers property of 2 acres or less to be improved to a child or grandchild of the owner.

(e) When determining the rate of the agricultural land transfer tax to be imposed under subsection (a) or (b) of this section, the amount of agricultural land transferred that is exempt from the tax in accordance with § 13–305 of this subtitle may not be included in the amount of agricultural land that is transferred.

13–407.

(a) **IN THIS SECTION, “TOTAL RATE OF TAX” MEANS THE RATE OF TAX IMPOSED FOR THE AGRICULTURAL LAND TRANSFER TAX UNDER § 13–303(A) OF THIS TITLE PLUS THE RATE OF TAX FOR A COUNTY TRANSFER TAX IMPOSED UNDER THIS SECTION.**

**(B)** (1) Unless a greater rate of tax was imposed before July 1, 1979, a county may not impose county transfer tax on a transfer subject to the agricultural land transfer tax under Subtitle 3 of this title at a rate greater than the county rate applicable to the transfer of improved residential property in that county.

(2) If a county has imposed a county transfer tax at a rate that exceeds the rate applicable to the transfer of improved residential property, the total rate of tax that applies to a transfer subject to the agricultural land transfer tax may not exceed 5% plus the rate that applies to improved residential property under the county transfer tax.

(3) If the total rate of tax that applies to a transfer subject to the agricultural land transfer tax exceeds the maximum rate allowed under paragraph (2) of this subsection[, the tax that applies to the transfer]:

(i) **THE AGRICULTURAL LAND TRANSFER TAX** is payable at the rate specified [for the agricultural land transfer tax] **IN § 13–303(A) OF THIS TITLE**; and

(ii) the rate of the county transfer tax shall be reduced as necessary to comply with the 5% limit.

**[(b)] (C)** After July 1, 1979, for the transfer of land subject to the agricultural land transfer tax, a county may not:

(1) impose a county transfer tax at a rate above the rate that was in effect on July 1, 1979; or

(2) increase the rate of a county transfer tax above the rate that was in effect on July 1, 1979.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2016.

**Approved by the Governor, May 10, 2016.**