

# HOUSE BILL 198

Q7

8lr0342

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By: **Delegates Luedtke, Afzali, Beidle, Carey, Jameson, Krebs, W. Miller, Rose, and Shoemaker**

Introduced and read first time: January 18, 2018

Assigned to: Ways and Means

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Committee Report: Favorable

House action: Adopted

Read second time: March 12, 2018

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Inheritance Tax – Perpetual Conservation Easement – Farming Purposes –**  
3 **Exemption**

4 FOR the purpose of providing an exemption from the inheritance tax for certain real  
5 property subject to a certain perpetual conservation easement that passes from a  
6 decedent to certain individuals; requiring the recapture of certain inheritance tax  
7 under certain circumstances; defining certain terms; providing for the application of  
8 this Act; and generally relating to the inheritance tax.

9 BY repealing and reenacting, without amendments,  
10 Article – Tax – General  
11 Section 7–203(b)  
12 Annotated Code of Maryland  
13 (2016 Replacement Volume and 2017 Supplement)

14 BY adding to  
15 Article – Tax – General  
16 Section 7–203(m)  
17 Annotated Code of Maryland  
18 (2016 Replacement Volume and 2017 Supplement)

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

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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 **Article – Tax – General**

2 7–203.

3 (b) (1) (i) In this subsection the following words have the meanings  
4 indicated.

5 (ii) “Child” includes a stepchild or former stepchild.

6 (iii) “Parent” includes a stepparent or former stepparent.

7 (iv) “Surviving spouse” means a surviving spouse who has not  
8 remarried.

9 (2) The inheritance tax does not apply to the receipt of property that passes  
10 from a decedent to or for the use of:

11 (i) a grandparent of the decedent;

12 (ii) a parent of the decedent;

13 (iii) a spouse of the decedent;

14 (iv) a child of the decedent or a lineal descendant of a child of the  
15 decedent;

16 (v) a spouse of a child of the decedent or a spouse of a lineal  
17 descendant of a child of the decedent;

18 (vi) a surviving spouse of a deceased child of the decedent or of a  
19 deceased lineal descendant of a child of the decedent who was married to the child or lineal  
20 descendant of the child at the time of the child’s or lineal descendant’s death;

21 (vii) a brother or sister of the decedent; or

22 (viii) a corporation, partnership, or limited liability company if all of  
23 its stockholders, partners, or members consist of individuals specified in items (i) through  
24 (vii) of this paragraph.

25 **(M) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE**  
26 **MEANINGS INDICATED.**

27 **(II) “FARMING PURPOSES” HAS THE MEANING STATED IN §**  
28 **2032A(E)(5) OF THE INTERNAL REVENUE CODE.**

29 **(III) “PERPETUAL CONSERVATION EASEMENT” MEANS AN**

1 EASEMENT ON REAL PROPERTY THAT PERPETUALLY RESTRICTS THE USE OF THE  
2 REAL PROPERTY TO FARMING PURPOSES.

3 (2) THE INHERITANCE TAX DOES NOT APPLY TO THE RECEIPT OF  
4 REAL PROPERTY THAT IS SUBJECT TO A PERPETUAL CONSERVATION EASEMENT  
5 AND PASSES FROM A DECEDENT TO OR FOR THE USE OF A NIECE OR NEPHEW OF THE  
6 DECEDENT.

7 (3) (I) THE INHERITANCE TAX SHALL BE RECAPTURED AS  
8 PROVIDED IN THIS PARAGRAPH IF THE REAL PROPERTY THAT IS EXCLUDED UNDER  
9 PARAGRAPH (2) OF THIS SUBSECTION CEASES TO BE USED FOR FARMING PURPOSES.

10 (II) THE AMOUNT OF THE INHERITANCE TAX IMPOSED UNDER  
11 THIS PARAGRAPH SHALL BE THE INHERITANCE TAX THAT WOULD HAVE BEEN  
12 PAYABLE AT THE TIME OF THE DECEDENT’S DEATH BUT FOR THE PROVISIONS  
13 UNDER PARAGRAPH (2) OF THIS SUBSECTION.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
15 1, 2018, and shall be applicable to decedents dying after December 31, 2017.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.