

HOUSE BILL 198

Q7

8lr0342

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

A BILL ENTITLED

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:

21 **Article – Tax – General**

22 7–203.

23 (b) (1) (i) In this subsection the following words have the meanings
24 indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (ii) "Child" includes a stepchild or former stepchild.
- 2 (iii) "Parent" includes a stepparent or former stepparent.
- 3 (iv) "Surviving spouse" means a surviving spouse who has not
4 remarried.

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

- 7 (i) a grandparent of the decedent;
- 8 (ii) a parent of the decedent;
- 9 (iii) a spouse of the decedent;
- 10 (iv) a child of the decedent or a lineal descendant of a child of the
11 decedent;
- 12 (v) a spouse of a child of the decedent or a spouse of a lineal
13 descendant of a child of the decedent;
- 14 (vi) a surviving spouse of a deceased child of the decedent or of a
15 deceased lineal descendant of a child of the decedent who was married to the child or lineal
16 descendant of the child at the time of the child's or lineal descendant's death;
- 17 (vii) a brother or sister of the decedent; or
- 18 (viii) a corporation, partnership, or limited liability company if all of
19 its stockholders, partners, or members consist of individuals specified in items (i) through
20 (vii) of this paragraph.

21 (M) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
22 MEANINGS INDICATED.

23 (II) "FARMING PURPOSES" HAS THE MEANING STATED IN §
24 2032A(E)(5) OF THE INTERNAL REVENUE CODE.

25 (III) "PERPETUAL CONSERVATION EASEMENT" MEANS AN
26 EASEMENT ON REAL PROPERTY THAT PERPETUALLY RESTRICTS THE USE OF THE
27 REAL PROPERTY TO FARMING PURPOSES.

28 (2) THE INHERITANCE TAX DOES NOT APPLY TO THE RECEIPT OF
29 REAL PROPERTY THAT IS SUBJECT TO A PERPETUAL CONSERVATION EASEMENT
30 AND PASSES FROM A DECEDENT TO OR FOR THE USE OF A NIECE OR NEPHEW OF THE

1 DECEDENT.

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

5 **(II) THE AMOUNT OF THE INHERITANCE TAX IMPOSED UNDER**
6 **THIS PARAGRAPH SHALL BE THE INHERITANCE TAX THAT WOULD HAVE BEEN**
7 **PAYABLE AT THE TIME OF THE DECEDENT'S DEATH BUT FOR THE PROVISIONS**
8 **UNDER PARAGRAPH (2) OF THIS SUBSECTION.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2018, and shall be applicable to decedents dying after December 31, 2017.