

Chapter 293

(House Bill 198)

AN ACT concerning

Inheritance Tax – Perpetual Conservation Easement – Farming Purposes – Exemption

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

BY repealing and reenacting, without amendments,

Article – Tax – General

Section 7–203(b)

Annotated Code of Maryland

(2016 Replacement Volume and 2017 Supplement)

BY adding to

Article – Tax – General

Section 7–203(m)

Annotated Code of Maryland

(2016 Replacement Volume and 2017 Supplement)

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

Article – Tax – General

7–203.

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

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

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

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

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

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

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

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

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

(II) THE AMOUNT OF THE INHERITANCE TAX IMPOSED UNDER THIS PARAGRAPH SHALL BE THE INHERITANCE TAX THAT WOULD HAVE BEEN PAYABLE AT THE TIME OF THE DECEDENT'S DEATH BUT FOR THE PROVISIONS

UNDER PARAGRAPH (2) OF THIS SUBSECTION.

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

Approved by the Governor, April 24, 2018.