

## Chapter 551

**(Senate Bill 704)**

AN ACT concerning

**Maryland Estate Tax – Qualified Agricultural Property – Transfer to Limited Liability Company**

FOR the purpose of authorizing, for purposes of determining the Maryland estate tax, a qualified recipient to transfer qualified agricultural property to a limited liability company; providing that qualified agricultural property transferred in accordance with this Act is not subject to estate tax recapture under certain circumstances; and generally relating to the Maryland estate tax.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 7–309(c)

Annotated Code of Maryland

(2022 Replacement Volume and 2025 Supplement)

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

**Article – Tax – General**

7–309.

(c) (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) The Maryland estate tax shall be determined by excluding from the value of the gross estate up to \$5,000,000 of the value of qualified agricultural property that passes from the decedent to or for the use of a qualified recipient.

(3) If the value of qualified agricultural property that passes from the decedent to or for the use of a qualified recipient exceeds \$5,000,000, the Maryland estate tax imposed on the Maryland estate of the decedent may not exceed the sum of:

(i) 16% of the amount by which the decedent's taxable estate, excluding the value of all qualified agricultural property that passes from the decedent to or for the use of a qualified recipient, exceeds the applicable exclusion amount specified under subsection (b) of this section; and

(ii) 5% of the amount by which the value of qualified agricultural property that passes from the decedent to or for the use of a qualified recipient exceeds \$5,000,000.

(4) (i) The Maryland estate tax shall be recaptured as provided in this paragraph if, within 10 years after the decedent's death, the qualified agricultural property ceases to be used for farming purposes.

(ii) The amount of the estate tax imposed under this paragraph shall be the additional Maryland estate tax that would have been payable at the time of the decedent's death but for the provisions under paragraphs (2) and (3) of this subsection.

**(5) (I) A QUALIFIED RECIPIENT MAY TRANSFER LEGAL OWNERSHIP OF QUALIFIED AGRICULTURAL PROPERTY TO A LIMITED LIABILITY COMPANY.**

**(II) A TRANSFER OF QUALIFIED AGRICULTURAL PROPERTY IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH IS NOT SUBJECT TO RECAPTURE UNDER PARAGRAPH (4) OF THIS SUBSECTION IF:**

**1. THE OWNERSHIP OF THE LIMITED LIABILITY COMPANY CONSISTS ONLY OF QUALIFIED RECIPIENTS; AND**

**2. THE QUALIFIED AGRICULTURAL PROPERTY IS USED FOR FARMING PURPOSES FOR AT LEAST 10 YEARS AFTER THE DECEDENT'S DEATH.**

**(6)** The Comptroller shall adopt regulations to implement this subsection.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~July 1, 2026, and shall be applicable to decedents dying after June 30, 2026~~ July 1, 2027.

**Approved by the Governor, May 12, 2026.**