

SENATE BILL 704

Q7

6lr3152

By: Senator Mautz

Introduced and read first time: February 6, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

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

9 BY repealing and reenacting, with amendments,

10 Article – Tax – General

11 Section 7-309(c)

12 Annotated Code of Maryland

13 (2022 Replacement Volume and 2025 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

15 That the Laws of Maryland read as follows:

16 **Article – Tax – General**

17 7-309.

18 (c) (1) (i) In this subsection the following words have the meanings
19 indicated.

20 (ii) “Farming purposes” has the meaning stated in § 2032A(e)(5) of
21 the Internal Revenue Code.

22 (iii) “Qualified agricultural property” means real or personal
23 property that is used primarily for farming purposes.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iv) "Qualified recipient" means an individual who enters into an
2 agreement to use qualified agricultural property for farming purposes after the decedent's
3 death.

14 (ii) 5% of the amount by which the value of qualified agricultural
15 property that passes from the decedent to or for the use of a qualified recipient exceeds
16 \$5,000,000.

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

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

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