

# SENATE BILL 704

Q7

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By: **Senator Mautz**

Introduced and read first time: February 6, 2026

Assigned to: Budget and Taxation

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## 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.

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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.

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

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

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

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.

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

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

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

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:

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

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

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.