

MAINE STATE LEGISLATURE

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Date: 12/19/19

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STATE OF MAINE
SENATE
129TH LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 329,
L.D. 420, Bill, "An Act To Amend the Maine Exclusion Amount in the Estate Tax"

Amend the amendment by inserting before section 3 the following:

'Sec. 3. 36 MRSA §4120 is enacted to read:

§4120. Exclusion for family farms

1. Exclusion from estate tax for family farms; definitions. Notwithstanding any provision of law to the contrary, farmland that is part of an estate of a decedent dying on or after January 1, 2020 that is transferred to a family member of the decedent is excluded from taxation under this chapter as provided in this section. For purposes of this section, "farmland" means land that is or could be classified as farmland under chapter 105, subchapter 10 and includes personal property that is exempt from property tax under section 655, subsection 1, paragraph C, D, M or O. For purposes of this section, "family member" means, whether by blood or legal adoption, the decedent's: brother or sister or the spouse of a brother or sister; parent or grandparent or the spouse of a parent or grandparent; ancestor; or lineal descendant.

2. Requirements for exclusion; report. In order to qualify for the exclusion from the estate tax pursuant to this section:

A. The farmland must be transferred to a family member;

B. For at least 5 years following the transfer, the farmland must remain the property of the family member to whom the farmland was transferred or, in the event of death of that transferee, a family member of that transferee; and

C. During the 5 years following the transfer, the land transferred must continue to meet the requirements for classification as farmland under chapter 105, subchapter 10, except that the gross income requirements of section 1102, subsection 4 must be met for every year of the 5 years following transfer.

A family member to whom farmland is transferred who wishes to claim the exclusion under this section shall file a report annually for the 5 years following the transfer with the assessor certifying that the farmland continues to qualify for the exclusion.

1 3. Failure to maintain requirements for exclusion. If at any time during the 5
2 years following the decedent's death the farmland transferred does not meet the
3 requirements of subsection 2, the owner of the farmland is subject to the applicable tax
4 specified in this chapter based on the fair market value of the farmland and property as of
5 the date of the decedent's death.

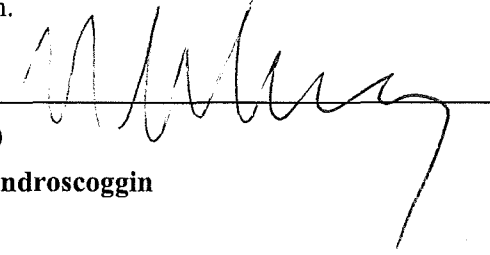
6 4. Rules. The assessor shall adopt routine technical rules pursuant to Title 5, chapter
7 375, subchapter 2-A to implement this section, including determining the method of
8 providing certification of qualification for the exclusion provided by this section.'

9 Amend the amendment by relettering or renumbering any nonconsecutive Part letter
10 or section number to read consecutively.

11 **SUMMARY**

12 This amendment, which is based on Pennsylvania law, excludes from the estate tax
13 farmland transferred to a family member. Farmland is defined as real estate that qualifies
14 as farmland under the farmland and open space tax law and includes personal property,
15 such as agricultural produce, livestock and farm machinery, that is exempt from taxation.
16 Family member is broadly defined to be, whether by blood or adoption, a sibling, parent,
17 spouse, grandparent, ancestor or lineal descendant.

18 The land must continue to qualify as farmland for the 5 years following the death of
19 the decedent, including producing an annual gross income from farming activities of at
20 least \$2,000. If at any time during the 5 years that land does not meet the qualifications,
21 the owner is required to pay the estate tax based on the value of the property at the time
22 of the decedent's death.

23 **SPONSORED BY:** 
24 **(Senator LIBBY)**
25 **COUNTY: Androscoggin**

FISCAL NOTE REQUIRED
(See attached) ...

EOFS



129th MAINE LEGISLATURE

LD 420

LR 573(04)

An Act To Amend the Maine Exclusion Amount in the Estate Tax

Fiscal Note for Senate Amendment "H" to Committee Amendment "A" (S-354)

Sponsor: Sen. Libby of Androscoggin

Fiscal Note Required: Yes

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$0	\$75,000	\$75,000	\$75,000
Revenue				
General Fund	\$0	(\$75,000)	(\$75,000)	(\$75,000)

Fiscal Detail and Notes

This amendment excludes from estate tax farmland that is transferred to a family member. The increase in General Fund revenue shown in the committee amendment would be reduced by \$75,000 beginning in fiscal year 2020-21.