

HOUSE No. 3323

The Commonwealth of Massachusetts

PRESENTED BY:

Kate Hogan

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to establish estate tax valuation for farms.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Kate Hogan</i>	<i>3rd Middlesex</i>
<i>Jay R. Kaufman</i>	<i>15th Middlesex</i>
<i>Susan Williams Gifford</i>	<i>2nd Plymouth</i>
<i>Kathleen O'Connor Ives</i>	<i>First Essex</i>
<i>Shawn Dooley</i>	<i>9th Norfolk</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>
<i>Richard J. Ross</i>	<i>Norfolk, Bristol and Middlesex</i>
<i>Steven S. Howitt</i>	<i>4th Bristol</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>
<i>Carolyn C. Dykema</i>	<i>8th Middlesex</i>
<i>David F. DeCoste</i>	<i>5th Plymouth</i>
<i>Josh S. Cutler</i>	<i>6th Plymouth</i>
<i>Colleen M. Garry</i>	<i>36th Middlesex</i>
<i>Angelo L. D'Emilia</i>	<i>8th Plymouth</i>
<i>Keiko M. Orrall</i>	<i>12th Bristol</i>
<i>Smitty Pignatelli</i>	<i>4th Berkshire</i>
<i>David K. Muradian, Jr.</i>	<i>9th Worcester</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>

<i>Ann-Margaret Ferrante</i>	<i>5th Essex</i>
<i>Gailanne M. Cariddi</i>	<i>1st Berkshire</i>
<i>Michael D. Brady</i>	<i>Second Plymouth and Bristol</i>
<i>Paul W. Mark</i>	<i>2nd Berkshire</i>
<i>Hannah Kane</i>	<i>11th Worcester</i>
<i>Donald F. Humason, Jr.</i>	<i>Second Hampden and Hampshire</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>
<i>Patricia A. Haddad</i>	<i>5th Bristol</i>
<i>Bruce E. Tarr</i>	<i>First Essex and Middlesex</i>
<i>Christopher M. Markey</i>	<i>9th Bristol</i>
<i>Harold P. Naughton, Jr.</i>	<i>12th Worcester</i>
<i>Brian Murray</i>	<i>10th Worcester</i>
<i>Paul A. Schmid, III</i>	<i>8th Bristol</i>

HOUSE No. 3323

By Ms. Hogan of Stow, a petition (accompanied by bill, House, No. 3323) of Kate Hogan and others for legislation to establish estate tax valuation for farms. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 3507 OF 2015-2016.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act to establish estate tax valuation for farms.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 2 of chapter 62 of the General Laws, as appearing in the 2014
2 Official Edition, is hereby amended by inserting at the end of paragraph (3) of subsection (b), in
3 line 247, the following paragraph:-

4 For the purposes of this subsection, notwithstanding an election made under subsection
5 (c) of section 5 of chapter 65C, the basis of real property valued as closely held agricultural land
6 shall be the basis determined under paragraph (2) of said subsection (c) of chapter 65C.

7 SECTION 2. Section 1 of chapter 63 of the General Laws, as so appearing, is hereby
8 amended by inserting, in line 204, at the end of the definition of “Net income”, the following
9 paragraph:-

10 For the purposes of this subsection, notwithstanding an election made under subsection
11 (c) of section 5 of chapter 65C, the basis of real property valued as closely held agricultural land
12 shall be the basis determined under paragraph (2) of said subsection (c) of chapter 65C.

13 SECTION 3. Section 5 of chapter 65C of the General Laws, as so appearing, is hereby
14 amended by striking out subsection (c) and inserting in place thereof the following 3
15 subsections:-

16 (c)(1) If the gross estate of a decedent includes real property devoted to use as a farm for
17 farming purposes, the estate may elect to either value such property in accordance with section
18 2032A of the Code, in effect on January 1, 1985 or, if the gross estate of a decedent includes real
19 property devoted to use for closely held agricultural land, the value of such land shall be valued
20 pursuant to the valuation set by the farmland valuation advisory commission established pursuant
21 to section 11 of chapter 61A for the fiscal year of the most recent growing season. If a federal
22 return is required to be filed the election under this subsection shall be consistent with the
23 election made for federal estate tax purposes. All the substantive and procedural provisions of
24 said section 2032A shall, insofar as pertinent and consistent, apply to the election made under
25 this subsection. The commissioner shall promulgate regulations to carry out the provisions of this
26 subsection and subsections (d)-(e).

27 (2) For the purposes of determining Massachusetts gross income under section 2 of
28 chapter 62 or net income under section 1 of chapter 63, the basis of real property valued as
29 closely held agricultural land, notwithstanding an election made under this subsection, shall be
30 determined as follows: if such property is sold for other use within a period of ten years from the
31 date of acquisition, the basis shall be the valuation determined in paragraph (1); if such property

32 is sold for other use more than ten years from the date of acquisition, the basis shall be the full
33 and fair value of such land under the valuation standard applicable to other land in the city or
34 town when ownership was first transferred to the taxpayer.

35 (d) Land shall qualify for valuation as closely held agricultural land under subsection (c)
36 of this section if it meets the definition of: forest land under chapter 61; land in agricultural or
37 horticultural use under chapter 61A; recreational land under chapter 61B that is also used for
38 farming or agriculture, as defined in section 1A of chapter 128; provided that the land need not
39 be classified by municipal assessors as forest land under chapter 61, land in agricultural or
40 horticultural use under chapter 61A or recreational land under chapter 61B to qualify for
41 valuation as closely held agricultural land under said subsection (c) if it otherwise meets the
42 applicable definitions.

43 (e)When land valued as closely held agricultural land under said subsection (c) no longer
44 meets the definition of forest land under chapter 61, land in agricultural or horticultural use under
45 chapter 61A, recreational land under chapter 61B that is used for farming or agriculture as
46 defined in section 1A of chapter 128, the land shall be subject to a roll-back tax in the current tax
47 year in which it is disqualified, which shall equal the amount that would have been due, with
48 respect to such land, under this chapter at the time of acquisition calculated using the full and fair
49 value of the land under the valuation standard applicable to other land in the city or town, minus
50 the amount which was due and payable as a result of an election made under subsection (c) at the
51 time of acquisition.