

2012 -- S 2172

=====
LC00329
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

—————
A N A C T

RELATING TO TAXATION -- ESTATE AND TRANSFER TAXES -- LIABILITY AND
COMPUTATION

Introduced By: Senators Felag, and Walaska

Date Introduced: January 18, 2012

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-22 of the General Laws entitled "Estate and Transfer Taxes -
2 Liability and Computation" is hereby amended by adding thereto the following section:

3 **44-22-1.2. Estate tax and transfer tax on farms.** – (a) The general assembly finds that
4 escalating land values significantly impair the ability to maintain agricultural uses in the state and
5 that imposition of taxes by the state upon the transfer of the estates, especially those that include
6 large parcels of farmland of decedent farmers, create substantial pressures to convert farmland to
7 non-farm uses and declares that it is the purpose of this section to mitigate such tax burdens on
8 farmlands and other real and tangible property associated with agricultural operations in order to
9 provide for continuing agricultural use of lands in Rhode Island.

10 (b) The total value of farmland and other real and tangible property, including crops and
11 livestock, associated with the agricultural operations on farmlands subject to the tax imposed by
12 this chapter, shall be limited to two million five hundred thousand dollars (\$2,500,000) for
13 decedents after July 1, 2012; provided that:

14 (1) For the five (5) tax years preceding the death, the farmlands and agricultural
15 operations, subject to the limitation herein provided, produced an aggregate annual gross sales
16 from commercial farming of fifty thousand dollars (\$50,000) per year or greater, and the operator
17 of the commercial farm held a Level II certificate of exemption for each of those years;

18 (2) The decedent has or those to whom the estate is transferred have entered into a

1 binding agreement with the state that the farmlands will remain in commercial farming, with a
2 Level II certificate of exemption, for a period of ten (10) years after his or her death, subject to
3 the following requirements:

4 (i) Not more than twenty percent (20%) of the total acreage can be converted during said
5 ten (10) year period to a use that is not farm, forest or open space; and

6 (ii) There shall be a lien on the farmland in the amount of the tax that would have been
7 due on the value of the farmlands and tangible property associated with the agricultural
8 operations above two million five hundred thousand dollars (\$2,500,000), which lien shall be
9 extinguished if commercial farming continues on the farmlands at the level specified by this
10 section for ten (10) years.

11 (c) When used in this section:

12 (1) "Agricultural operations" shall have the meaning set forth in section 2-23-4.

13 (2) "Commercial farming" shall have the meaning set forth in section 44-18-30.

14 (3) "Farmland" shall have the meaning set forth in section 44-27-2.

15 (d) The tax administrator, in consultation with the chief of the division of agriculture in
16 the department of environmental management, shall promulgate by March 1, 2012, such rules,
17 regulations and procedures as may be necessary to effectuate the purposes and provisions of this
18 section.

19 SECTION 2. This act shall take effect upon passage.

=====
LC00329
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO TAXATION -- ESTATE AND TRANSFER TAXES -- LIABILITY AND
COMPUTATION

1 This act would limit the valuation of farmland and other real and tangible property
2 associated with the agricultural operations on such farmlands to \$2,500,000 for purposes of
3 imposition of taxes by the state upon transfer of the estates of decedent farmers after July 1, 2012.

4 This act would take effect upon passage.

=====
LC00329
=====