

File Number: H.F. 3274
Version: As introduced

Date: March 5, 2018

Authors: Smith

Subject: Estate tax – recapture tax

Analyst: Joel Michael, joel.michael@house.mn

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

This bill modifies the qualified property rules under the estate tax to permit a spouse's ownership in various forms to satisfy the 3-year ownership period that applies under current law solely to the decedent. The qualified property rules allow qualified farmland and small business property to increase the amount exempt from the estate to \$5 million, when combined with the generally applicable exemption amount. Present law requires the decedent to have owned the farmland or small business property to qualify.

Section

- 1** **Cross reference.** Corrects a cross reference error that resulted from 2017 tax act's renumbering of clauses in the qualified property provisions of the estate tax.
Effective date: day following final enactment
- 2** **Qualified small business property.** Modifies the required holding period for qualified small business property to provide that ownership by either of the spouses in various ownership forms (undivided, joint, QTIP trust, etc.) can be used to satisfy the 3-year requirement. It does not matter if the spouse predeceased the decedent. Under current law, the decedent is required to own the property for the 3-year period.
Effective date: Decedents dying after December 31, 2017
- 3** **Qualified farm property.** Modifies the required holding period for qualified farm property to provide that ownership by either of the spouses in various ownership forms (undivided, joint, QTIP trust, etc.) can be used to satisfy the 3-year requirement. It does not matter if the

Section

spouse predeceased the decedent. Under current law, the decedent is required to own the property for the 3-year period.

Effective date: Decedents dying after December 31, 2017

- 4** **Cross reference.** Corrects a cross reference error that resulted from 2017 tax act's renumbering of clauses in the qualified property provisions of the estate tax.

Effective date: day following final enactment