



THE MASSACHUSETTS HOUSE OF REPRESENTATIVES
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Rep. Kate Hogan's bill would help preserve family farms

(BOSTON) – Representative Kate Hogan has filed a bill in the 190th legislative session that aims to preserve family farms across the Commonwealth. HD3032, “An Act to establish estate tax valuation for farms,” would change the method for assessment of the estate tax valuation for agricultural land.

As written, Massachusetts estate tax laws can force farmland into development. When a relative passes away and a person inherits their farmland, very often they are subject to an estate tax bill that can be quite costly. This is because inherited farmland is taxed under the estate tax laws based on its “highest and best use” – or the most profitable use of that land – which is development, not agriculture. As a result, many people inheriting farmland end up selling portions of their land in order to pay for the large estate tax.

To encourage owners to keep their farmland in agriculture, Rep. Hogan's bill offers a person inheriting farmland options for how their estate is taxed. Upon property transfer, both the “agricultural” use value and the “highest and best” use value of the land would be determined. If a person inherits a farm, and they choose to have their land valued based on its current use – agriculture – for the purposes of estate taxation, the resulting estate tax bill would be lower. If the owner decides to sell their land, within 10 years, for purposes other than agriculture, he or she would then pay back taxes for the remaining period of the 10 years. Those back taxes would bridge the difference between the lower estate tax bill, based on the land's “agricultural” value, paid at the time of inheritance, and the more expensive, “highest and best” use value, that was also determined but not paid. This change would offer individuals who have recently inherited farmland the flexibility to keep their land in agriculture without being burdened by an estate tax they cannot afford.

“This bill looks to the future of agriculture in Massachusetts by protecting family farms across the Commonwealth,” said Representative Kate Hogan. “As a legislator representing dozens of farms, apple orchards, Christmas tree farms, nurseries, and wineries, I know how vital multi-generation farms are to our communities' economy and character.”

Rep. Hogan represents close to 30 farms in the Third Middlesex District, which is comprised of the towns of Bolton, Hudson, Maynard, and Stow. Last fall, she hosted an orchard tour of the Third Middlesex with Massachusetts Department of Agricultural Resources Commissioner John Lebeaux to take a firsthand look at local orchard operations in the district and discuss initiatives to support our farmers, orchards, and regional heritage. She continues to work closely with agricultural organizations and local farmers to ensure their voices are heard.

“Kate's legislation will in fact promote agriculture and family farms within the Commonwealth,” said Ken Nicewicz, owner of Nicewicz Family Farm in Bolton. “So many of our farms in the past were lost in order to pay estate taxes. With Kate's helpful legislation, if enacted, farms would be able to transfer ownership without burdensome estate taxes, keeping farms intact in families who would continue the long family farm tradition.”