

Rep. Avery Bourne sponsors legislation to repeal estate and inheritance taxes paid on land transfers upon death

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LITCHFIELD - Agriculture runs deep in our American heritage and has been a key component of our state's history. Illinois, with over 72,000 farms that cover 27 million acres, is an agricultural powerhouse that should be recognized and fostered.

One crippling challenge for many Illinois farming families is how to pass the farm on to the next generation after the death of the owner. Currently, Illinois' estate tax law disproportionately impacts small family farms.

The value of these farms, as recognized by the estate tax, is not a stack of money sitting in a bank, but rather acres of land passed down for generations that have allowed families to carve out a living. Under the current system, many families are forced to sell off land or equipment just to pay the tax.

To help local farm families, State Representative Avery Bourne (R-Raymond), has sponsored legislation to repeal the estate and inheritance taxes paid on land transfers upon death. The legislation, House Bill 4219, is an effort to stop double taxation of land transfers for agricultural purposes.

Bourne's bill states that if a farmer gifts his land upon death to a descendant, there is no longer a state tax due on the assessed value of the property. Currently, the rate of taxation may be as high as 51 percent on estate transfers (35 percent to the Federal Government and between 7.2 percent and 16 percent to the State Government).

This tax creates a hardship for farm families who usually have equity tied to illiquid assets such as land, buildings, and equipment. According to the Farm Bureau, 91 percent of farm and ranch assets are illiquid. This forces a family to sell in order to keep their businesses running. This not only can cripple or end a family farm but also hurts the local rural communities.

Representative Bourne explains, "The estate tax in Illinois, especially at a time when small farms are struggling to stay afloat, often means that families must sell the family farm to meet their tax obligations. We should be supporting our farming families who contribute so much to our economy. Also, with the rising age of the average farmer, we should not add another burden to the next generation taking up the mantle of farming." Bourne states, "This proposal grew out of a suggestion from my Agriculture Advisory Board and I am proud to bring it forward as just one more way we can make Illinois more competitive, compassionate and ag friendly."