
Chapter 18

State Transfer Taxes

Types of State Transfer Taxes

Tax planning for forest management generally focuses on income and property taxes. As discussed throughout this book, the effect of the Federal estate tax often is overlooked. This is an oversight that can cause serious disruptions in the orderly transfer of forest land at death. In the same way, State transfer taxes also must be considered in estate planning, due to their actual cost and to the possibility that they will upset strategies that address only Federal taxes.

States levy four different types of taxes on the transfer of property: gift taxes, estate taxes, generation-skipping transfer taxes, and inheritance taxes. As with their Federal counterparts, State gift taxes are levied on an individual's lifetime transfers of property over and above annual and/or lifetime exclusion amounts; State estate taxes are levied on the right of a decedent's estate to transfer property; and generation-skipping transfer taxes are levied on the right of individuals to transfer property to persons two or more generations younger than themselves, either through an outright gift or a transfer in trust. An inheritance tax is levied on the right of an individual heir or legatee to receive property from a decedent's estate.

At the time the last edition of this book¹ was published, all 50 States taxed the transfer of forest land and other assets at death, either through an estate tax or an inheritance tax. Of that total, 13 States had both estate and inheritance taxes, and 2 States had two different estate taxes in effect. In addition, 6 States taxed large gifts and 27 States taxed generation-skipping transfers.

Effect of the Economic Growth and Tax Relief Reconciliation Act

Before enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA; Public Law 107-16), every State had a transfer tax system under which at least one tax was set equal to the maximum Federal credit for State transfer taxes allowed under Internal Revenue Code (IRC) section 2011 or 2604. This approach did not result

in any additional tax burden on estates or individuals, but apportioned a part of what would have been the Federal tax bill to the State.

Most States simply set their transfer tax(es) equal to the maximum allowable Federal credit. This approach is called a "pick-up" or "sponge" tax. States with separate stand-alone transfer taxes used a second "piggy-back" transfer tax to make up the difference between their stand-alone tax(es) and the maximum Federal credit.

EGTRRA, however, phased out the Federal credit for State transfer taxes between 2002 and 2005, and from 2005 on, replaced it with a deduction. This change in how the Federal estate tax is calculated threatened to eliminate all State transfer taxes that were tied to the Federal credit, throwing State tax law and tax planning into turmoil.

The individual States have responded very differently to the changes brought by EGTRRA. Some have made no change to their transfer tax systems, allowing estate, inheritance, gift, and generation-skipping transfer taxes tied to the Federal credit to phase out. Others have seen EGTRRA as an opportunity to repeal transfer taxes, while still others have seen it as an occasion to craft new levies on transfers of property.

Current State Transfer Taxes

Estate and inheritance taxes tied to the Federal credit—Tables 18.1 through 18.4 summarize the current (2008) transfer tax laws of States in, respectively, the Northeast, North Central region, South, and West. Each table has separate columns for each type of transfer tax: estate, inheritance, gift, and generation-skipping. States that have a given type of tax are indicated with an X in that column; an accompanying footnote outlines the provisions of the tax and notes if it has been allowed to phase out with the Federal credit. The few States with two taxes of the same type are indicated with two Xs, with the provisions of both outlined in a single footnote. States that do not have a type of tax are indicated with a dash in the column, while States that recently have repealed a tax—or replaced it with a different type of tax—are indicated with a footnote that gives the date of the change.

¹ Haney, H.L., Jr.; Siegel, W.C. 1993. Estate planning for forest landowners: what will become of your timberland? Gen. Tech. Rep. SO-97. New Orleans, LA.: U.S. Department of Agriculture Forest Service, Southern Forest Experiment Station. 186 p.

Table 18.1—State transfer tax systems in the Northeast, 2008

State	Estate	Inheritance	Gift	Generation-skipping
Connecticut	X ^a	X ^{a,b}	^m	—
Delaware	X ^c	—	ⁿ	—
Maine	X ^d	—	—	—
Maryland	X ^e	X ^e	—	X ^p
Massachusetts	X ^f	—	—	X ^p
New Hampshire	X ^c	^l	—	—
New Jersey	X ^g	X ^g	—	—
New York	X ^h	—	^o	X ^p
Pennsylvania	X ⁱ	X ⁱ	—	—
Rhode Island	X ^j	—	—	X ^p
Vermont	X ^k	—	—	X ^q
West Virginia	X ^c	—	—	—

Sources: CCH Financial Planning Toolkit. <http://www.finance.cch.com/text/c50s15d170.asp>. [Date accessed: September 11, 2008]. Bankrate.com State Tax Roundup. http://www.bankrate.com/brm/news/news_taxes_home.asp. [Date accessed: September, 11, 2008]. Other sources as indicated in footnotes.

^a Connecticut levies a unified estate and gift tax which is decoupled from Federal provisions, plus an inheritance tax. The unified estate and gift tax, effective January 1, 2005, is a graduated tax with an exclusion amount of \$2 million. Donors of gifts must file a gift tax return even if no gift tax is due and estate representatives must file an estate tax return even if no estate tax is due. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent. Connecticut Department of Revenue Services. <http://www.ct.gov/drs/cwp/view.asp?A=1514&Q=304232>. [Date accessed: September 11, 2008].

^b Connecticut repealed its succession tax effective for estates of decedents dying after December 31, 2004.

^c The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out of the Federal credit put in place by the EGTRRA, the tax dropped to \$0 for estates of decedents dying after December 31, 2004.

^d Maine has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after December 31, 2002. It equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2001, but recognizing an exclusion amount of \$1 million. Representatives of smaller estates must file a return if the estate is going through probate or contains real property.

^e Maryland levies an estate tax which is decoupled from Federal estate tax provisions, plus an inheritance tax. The estate tax applies to estates of decedents dying after December 31, 2000. It equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of January 1, 2001, but recognizing an exclusion amount of \$1 million. The inheritance tax is a flat 10-percent levy on property passing to non-exempt individuals.

^f Massachusetts has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after December 31, 2002. It equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2000, but recognizing an exclusion amount of \$1 million. Massachusetts Department of Revenue. <http://www.mass.gov/Ador/docs/dor/Publ/PDFS/estate08.pdf>. [Date accessed: September 11, 2008].

^g New Jersey levies an estate tax which is decoupled from Federal estate tax provisions, plus an inheritance tax. The estate tax is the lesser of the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2001, or an amount determined using the State Simplified Tax System. The inheritance tax, effective July 10, 2004, is a graduated tax on property with a value of \$500 or more passing to non-exempt individuals. The New Jersey Domestic Partnership Act includes surviving domestic partners of decedents dying after July 9, 2004, as exempt individuals for inheritance tax purposes.

^h New York has decoupled its estate tax from Federal estate tax provisions. The tax equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of July 22, 1998.

ⁱ Pennsylvania levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011, plus an inheritance tax. Under the phase-out of the Federal credit put in place by EGTRRA, the estate tax dropped to \$0 for estates of decedents dying after December 31, 2004. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent.

^j Rhode Island has decoupled its estate tax from Federal estate tax provisions. The tax equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of January 1, 2001.

^k Vermont has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after January 1, 2002, and equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of January 1, 2001.

^l New Hampshire repealed its Legacy and Succession Tax effective for decedents dying after December 31, 2002.

^m Connecticut replaced its gift tax with a unified estate and gift tax effective after December 31, 2004. Connecticut Department of Revenue Services. <http://www.ct.gov/drs/cwp/view.asp?A=1514&Q=304232>. [Date accessed: September 11, 2008].

ⁿ Delaware repealed its gift tax effective January 1, 1998. Delaware Division of Revenue. http://revenue.delaware.gov/information/tims/Gift_Tax.shtml. [Date accessed: September 11, 2008].

^o New York repealed its gift tax effective January 1, 2000. New York State Department of Taxation and Finance. http://www.tax.state.ny.us/forms/prvforms/gift_tax_1983_1999.htm. [Date accessed: September 11, 2008].

^p The State levies a generation-skipping tax equal to the maximum Federal credit for State generation-skipping transfer taxes allowed under IRC section 2604. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 after December 31, 2004.

^q Vermont has decoupled its generation-skipping tax from Federal generation-skipping transfer tax provisions. Effective January 1, 2005, Vermont levies a tax on all such transfers equal to the maximum Federal credit for State generation-skipping transfer taxes allowed under IRC section 2604 as of January 1, 2001.

Table 18.2—State transfer tax systems in the North Central region, 2008

State	Estate	Inheritance	Gift	Generation-skipping
Illinois	X ^a	—	—	X ^j
Indiana	X ^b	X ^b	—	X ^k
Iowa	X ^b	X ^b	—	X ^k
Kansas	X ^c	—	—	^l
Michigan	X ^d	—	—	X ^k
Minnesota	X ^e	—	—	—
Missouri	X ^d	—	—	X ^k
Nebraska	X ^f	X ^f	—	X ^m
North Dakota	X ^d	—	—	—
Ohio	X, X ^g	—	—	X ^k
South Dakota	X ^d	ⁱ	—	—
Wisconsin	X ^h	—	—	—

Sources: CCH Financial Planning Toolkit. <http://www.finance.cch.com/text/c50s15d170.asp>. [Date accessed: September 11, 2008]. Bankrate.com State Tax Roundup. http://www.bankrate.com/brm/news/news_taxes_home.asp. [Date accessed: September 11, 2008].

^a Illinois levies an estate tax which currently is decoupled from Federal estate tax provisions. For estates of decedents dying after December 31, 2005, the tax equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2001, but recognizing an exclusion amount of \$2 million. For estates of decedents dying after December 31, 2009, the tax will equal the maximum Federal credit for State transfer taxes in effect at that time.

^b The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011, plus an inheritance tax. Under the phase-out of the Federal credit put in place by EGTRRA, the estate tax dropped to \$0 for estates of decedents dying after December 31, 2004. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent.

^c Kansas has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after December 31, 2006, and is a graduated tax on taxable estates of more than \$1 million.

^d The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 for estates of decedents dying after December 31, 2004.

^e Minnesota has decoupled its estate tax from Federal estate tax provisions. The tax equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2000.

^f Nebraska levies an estate tax which is decoupled from Federal estate tax provisions, plus an inheritance tax. The estate tax applies to estates of decedents dying after June 30, 2003, and is a graduated tax on all taxable estates. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent.

^g Ohio levies a stand-alone estate tax, plus a piggy-back estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. The stand-alone tax applies to estates of decedents dying after December 31, 2001, with a taxable value of over \$338,333. Under the phase-out of the Federal credit put in place by EGTRRA, the piggy-back estate tax dropped to \$0 for estates of decedents dying after December 31, 2004. = the tax dropped to \$0 after December 31, 2004.

^h Effective January 1, 2008, Wisconsin levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out put in place by EGTRRA, the Federal credit currently is \$0. For estates of decedents dying between October 1, 2002 and December 31, 2007, Wisconsin levied an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2000.

ⁱ South Dakota repealed its inheritance tax effective June 30, 2001.

^j Illinois levies a generation-skipping tax which currently is decoupled from Federal generation-skipping tax provisions. For generation-skipping transfers made after December 31, 2005, the tax equals the maximum Federal credit for State generation-skipping taxes allowed under IRC section 2604 as of December 31, 2001, but recognizing an exclusion amount of \$2 million. For generation-skipping transfers made after December 31, 2009, the tax will equal the maximum Federal credit for State transfer taxes in effect at that time.

^k The State levies a generation-skipping tax equal to the maximum Federal credit for State generation-skipping transfer taxes allowed under IRC section 2604. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 after December 31, 2004.

^l Kansas repealed its succession tax effective July 1, 2003

^m Nebraska has decoupled from the phase-out of IRC section 2604 credit for State generation-skipping transfer taxes put in place by EGTRRA. Effective January 1, 2003, Nebraska levies a flat 16-percent tax on all taxable generation-skipping transfers.

Table 18.3—State transfer tax systems in the South, 2008

State	Estate	Inheritance	Gift	Generation-skipping
Alabama	X ^a	—	—	X ^j
Arkansas	X ^a	—	—	—
Florida	X ^a	—	—	X ^j
Georgia	X ^a	—	—	—
Kentucky	X ^b	X ^b	—	—
Louisiana	X ^b	X ^b	^g	—
Mississippi	X ^a	—	—	—
North Carolina	X ^c	—	X ^h	X ^j
Oklahoma	X, X ^d	—	—	—
South Carolina	X ^a	—	—	X ^j
Tennessee	X ^e	X ^e	X ⁱ	X ^j
Texas	X ^a	—	—	X ^j
Virginia	^f	—	—	X ^j

Sources: CCH Financial Planning Toolkit. <http://www.finance.cch.com/text/c50s15d170.asp>. [Date accessed: September 11, 2008]. Bankrate.com State Tax Roundup. http://www.bankrate.com/brm/news/news_taxes_home.asp. [Date accessed: September 11, 2008]. Other sources as indicated in footnotes.

^a The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 for estates of decedents dying after December 31, 2004.

^b The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011, plus an inheritance tax. Under the phase-out of the Federal credit put in place by EGTRRA, the estate tax dropped to \$0 for estates of decedents dying after December 31, 2004. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent.

^c North Carolina has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after December 31, 2004, and equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2001. North Carolina Department of Revenue. <http://www.dornrc.com/taxes/estate/general.html>. [Date accessed: September 11, 2008].

^d Oklahoma levies a stand-alone estate tax, plus a piggy-back estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. The stand-alone tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent. Under the phase-out of the Federal credit put in place by EGTRRA, the piggy-back tax dropped to \$0 for estates of decedents dying after December 31, 2004.

^e Tennessee levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011, plus an inheritance tax. Under the phase-out of the Federal credit put in place by EGTRRA, the estate tax dropped to \$0 for decedents dying after December 31, 2004. The inheritance tax recognizes an exclusion amount of \$1 million and allows exemptions for transfers to the decedent's spouse, government entities, and charitable, educational, or religious organizations.

^f Virginia repealed its estate tax, effective for the estates of decedents dying after June 30, 2007. The estates of decedents dying on or before that date were subject to an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 for estates of decedents dying after December 31, 2004.

^g Louisiana repealed its gift tax, effective for gifts made after June 30, 2008. Gifts made on or before that date are subject to a tax with annual exclusion and exemption amounts that mirror Federal gift tax provisions. Baldwin Haspel Burke & Mayer LLC. <http://www.bhbmlaw.com/alerts-updates-149.html>. [Date accessed: September 11, 2008].

^h North Carolina levies a layered gift tax under which the rate varies according to a recipient's relation to the donor. North Carolina Department of Revenue. <http://www.dornrc.com/taxes/gift/>. [Date accessed: September 11, 2008].

ⁱ Tennessee levies a gift tax with an exemption that varies according to the donor's relation to the recipient. Tennessee Department of Revenue. <http://tn.gov/revenue/tntaxes/gift.htm>. [Date accessed: September 11, 2008].

^j The State levies a generation-skipping tax equal to the maximum Federal credit for State generation-skipping transfer taxes allowed under IRC section 2604. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 after December 31, 2004.

Table 18.4—State transfer tax systems in the West, 2008

State	Estate	Inheritance	Gift	Generation-skipping
Alaska	X ^a	—	—	—
Arizona	^b	—	—	^b
California	X ^a	—	—	X ^f
Colorado	X ^a	—	—	X ^f
Hawaii	X ^a	—	—	X ^f
Idaho	X ^a	—	—	—
Montana	X ^a	^d	—	X ^f
Nevada	X ^a	—	—	X ^f
New Mexico	X ^a	—	—	—
Oregon	—	X ^e	—	—
Utah	X ^a	—	—	—
Washington	X ^c	—	—	^g
Wyoming	X ^a	—	—	—

Sources: CCH Financial Planning Toolkit. <http://www.finance.cch.com/text/c50s15d170.asp>. [Date accessed: September 11, 2008]. Bankrate.com State Tax Roundup. http://www.bankrate.com/brm/news/news_taxes_home.asp. [Date accessed: September 11, 2008].

^a The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 for estates of decedents dying after December 31, 2004.

^b Arizona permanently repealed its estate and generation-skipping taxes, effective for tax years beginning after December 31, 2005.

^c Washington has decoupled its estate tax from the Federal estate tax provisions. The tax is a graduated tax on estates of decedents dying after May 16, 2005. The first \$1.5 million of the taxable estate of decedents dying between May 17 and December 31, 2005, and the first \$2 million of the taxable estate of decedents dying after that period, are exempt from the tax.

^d Montana repealed its inheritance tax, effective for tax years beginning after December 31, 2000.

^e Oregon has decoupled its inheritance tax from Federal provisions. Effective for tax years beginning after December 31, 2005, the tax equals the maximum credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2000, but recognizing an exclusion amount of \$1 million.

^f The State levies a generation-skipping tax equal to the maximum Federal credit for State generation-skipping transfer taxes allowed under IRC section 2604. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 after December 31, 2004.

^g Washington repealed its generation-skipping tax, effective May 17, 2005.

Overall, 32 States—4 in the Northeast, 7 in the North Central region, 11 in the South, and 10 in the West—have kept estate or inheritance taxes tied to the Federal credit on their books, allowing them to phase out. Two States—one each in the South and West—have repealed estate taxes tied to the Federal credit (tables 18.1 through 18.4).

Seven States—Minnesota, New Jersey, New York, North Carolina, Rhode Island, Vermont, and Wisconsin—have decoupled estate or inheritance taxes from the current Federal estate tax provisions, tying them to Federal law as it existed on January 1, 2002, or earlier. Another five States—Illinois, Maine, Maryland, Massachusetts, and Oregon—also have decoupled estate or inheritance taxes from current Federal estate tax provisions, tying them to Federal law as it existed December 31, 2001, or earlier, but recognizing a higher exclusion amount. And four States—Connecticut, Kansas, Nebraska, and Washington—have replaced taxes tied to the Federal credit with stand-alone estate taxes (tables 18.1 through 18.4).

The net result of these changes is that 34 States that once levied estate or inheritance taxes tied to the Federal credit no longer do so, at least for the present. Only the 16 States listed in the preceding paragraph still levy estate or inheritance taxes descended from tax laws tied to the Federal credit—12 by decoupling their tax from current Federal law and 4 by passing a new stand-alone tax (tables 18.1 through 18.4).

Stand-alone inheritance and estate taxes—Montana, New Hampshire, and South Dakota have repealed stand-alone inheritance or estate taxes. Twelve States—Connecticut, Indiana, Iowa, Kentucky, Louisiana, Maryland, Nebraska, New Jersey, Ohio, Oklahoma, Pennsylvania, and Tennessee—still levy taxes of this type (tables 18.1 through 18.4).

Gift taxes—Delaware, Louisiana, and New York have repealed their gift taxes, while Connecticut has replaced its gift tax with a unified estate and gift tax. Only North Carolina and Tennessee continue to levy gift taxes (tables 18.1 and 18.3).

Generation-skipping transfer taxes—Of the States that levied generation-skipping transfer taxes at the time the last edition of this book was published, 21 have allowed their taxes to phase out with the Federal credit, while Arizona, Kansas, and Washington have repealed their laws. Only Illinois, Nebraska, and Vermont still levy generation-skipping transfer taxes. Illinois and Vermont decoupled their taxes from current Federal provisions, tying them to Federal law as in effect on an earlier date—although Illinois recognizes a higher exclusion amount. Nebraska replaced a tax tied to Federal law with a stand-alone tax (tables 18.1 through 18.4).

State Transfer Taxes and Estate Planning

The specific provisions of State transfer taxes differ substantially, even among States with similar tax systems. In most instances, coordinated planning that takes both Federal and State tax provisions into consideration will be required in order to obtain the best results.

The need for coordinated planning is, of course, reduced to the extent that a specific State has repealed transfer taxes or allowed them to phase out with the Federal credit. The latter situation will likely change, however, as Congress addresses the 1-year repeal of the Federal estate tax and subsequent return to prior law scheduled under EGTRRA.

Coordinated planning will continue to be necessary in States that have decoupled from current Federal law and tied their transfer taxes to provisions that existed at an earlier date, as well as in States that have retained or enacted stand-alone transfer taxes. In States that have decoupled from current Federal law, provisions such as the applicable credit amount (provided by IRC section 2010; see chapter 3), marital deduction (provided by IRC section 2056(a); see chapter 6), special use valuation (permitted under IRC section 2032A; see chapter 12), and deferral and extension of tax payments (permitted under IRC section 6166; see chapter 13) remain available indirectly at the State level. The marital deduction is not limited, but for the other provisions the level of the benefit is that in effect on the date to which the State tax is tied rather than that provided under current Federal law.

In States that have retained or enacted stand-alone taxes, the provisions available may be quite different from those allowed under Federal law. Some States do not have applicable credit or marital deduction provisions, with the result that estate value deferred at the Federal level may be taxable by the State. Some States have their own special use valuation and deferral and extension provisions, while others lack such provisions or explicitly deny them. Thus, in States which have decoupled from current Federal provisions, and in those with stand-alone taxes, a State estate or inheritance tax may be incurred even if no Federal estate tax is due. Trusts, joint ownerships, aggressive gifting (including charitable bequests), intergenerational transfers, and other measures discussed elsewhere in this book also produce mixed results when State transfer tax provisions are not explicitly incorporated in the planning process.

Because of the increasing variability in State transfer tax laws and because some State laws work counter to Federal provisions, it is imperative that estate planners be familiar with the details of State transfer taxes and how they impact forest properties.