

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

House Bill 1439 (Harford County Delegation and Howard County Delegation)
Commerce and Government Matters Economic and Environmental Affairs

Harford and Howard Counties - Annexation of Agricultural Land

This bill authorizes the governing bodies of Harford and Howard counties to enact an ordinance requiring a local legislative body of a municipal corporation that rezones “annexed agricultural land” for a more intensive use to pay a charge to the county agricultural land preservation program for the annexed agricultural land that is rezoned. The charge shall be not less than the difference between the fair market value of the land and the agricultural value of the land as of the date of the rezoning, calculated in the same manner as the Maryland Agricultural Land Preservation Foundation (MALPF) values land for easement purchases. “Annexed agricultural land” means agricultural land that is located outside a designated county growth area and is annexed by a municipal corporation.

Fiscal Summary

State Effect: To the extent that the bill results in an increase in the local commitment of funds by Harford County under the State’s matching funds program for agricultural land preservation, MALPF special fund expenditures to provide matching funds would increase. Based on the amount of matching funds provided to Harford County in FY 2000, any such increase would not exceed \$100,000 annually.

Local Effect: *Under one set of assumptions*, if Harford County uses the authority provided by the bill, expenditures for affected municipalities could increase by an estimated \$612,800 annually, with a corresponding increase in Harford County revenues for agricultural land preservation. Potential decrease in tax revenues for affected municipalities, with a corresponding increase in revenues for Harford County. The bill would not affect Howard County because the county has no incorporated municipalities.
This bill may impose a mandate on a unit of local government.

Small Business Effect: Potential meaningful impact in Harford County. To the extent that the bill increases development costs for annexed land that is zoned agricultural, small businesses involved with the development or purchase of affected land could incur increased costs.

Analysis

Current Law: None applicable.

Background: According to the Maryland Department of Planning, from 1998 to 2000, two municipalities in Harford County (Aberdeen and Havre de Grace) submitted petitions for the annexation of land that was zoned agricultural. The petitions affected a total of 459 acres, or an average of 153 acres per year:

Year	Municipality	Acres of Agricultural Land Involved in Annexation Petitions
1998	Aberdeen	164
1999	Havre de Grace	140
2000	Havre de Grace	155
Total, 1998-2000		459

However, this includes all land for which annexation petitions were submitted, regardless of whether the land was within designated county growth areas.

MALPF was created by the General Assembly in 1977 to preserve agricultural land in the State. Agricultural preservation districts are formed when qualifying landowners sign voluntary agreements to keep their land in agricultural or woodland use for a minimum of five years. Landowners who agree to place their farms within a district may sell a development rights easement on that property to the State. In fiscal 2000 the average easement value calculated by MALPF for easement purchases in Harford County totaled approximately \$4,005 per acre, which was based on an average fair market value of \$4,792 per acre and an average agricultural use value of \$787 per acre.

The total funds available to MALPF for the purchase of easements are equally divided to provide general allotted funds and State matching funds. The total amount of the general allotted funds is divided equally among the 23 counties during “Round 1” offers, which is the round under which easement purchase requests within each county compete for available funds. The other half of the available funds is used for up to a 60% match in those counties which participate in the State matching funds program. Once general allotted funds are depleted, the State provides up to a 60% match for county easement purchases up to \$1 million in any county in any fiscal year. Once these funds are

exhausted, the remaining easement requests compete statewide in “Round 2.” Round 2 funding consists of unused general allotted funds and unused State matching funds. In fiscal 2000, Harford County committed a total of \$600,000 in local funds under the State matching program and received \$900,000 in State matching funds.

Local Fiscal Effect: Because there are no incorporated municipalities in Howard County, the bill would only affect Harford County. If Harford County chooses to use the authority provided by the bill, the bill could have a significant impact on the county and municipal corporations in the county. Legislative Services advises that the number of acres of agricultural land located outside the designated county growth area that would be annexed by municipal corporations is unknown. Accordingly, a precise estimate of any payments to the county by affected municipalities cannot be made at this time. However, based on an average of 153 acres of agricultural land annexed per year, and an average easement value of \$4,005 per acre, the payments from affected municipalities to the county’s agricultural land preservation program could total an estimated \$612,800 annually. This estimate assumes that the bill would not result in a decrease in the amount of land annexed. To the extent that it does, payments to the county would decrease accordingly. Legislative Services also advises that the estimate is based on the average number of acres of agricultural land in annexation petitions submitted from 1998 through 2000, regardless of whether the land was within the designated county growth area.

Because Harford County participates in the State matching program for agricultural land preservation, if the county increases its commitment of funds as a result of the bill, the bill could result in an increase in matching funds from the State for county agricultural land preservation activities. Harford County provided \$600,000 in local funds under the State matching program in fiscal 2000, resulting in a State match of \$900,000. No county may receive more than \$1 million in State matching funds in any given fiscal year. Accordingly, based on fiscal 2000 data, any increase in State matching funds provided to the county would not exceed \$100,000 annually.

To the extent that the bill results in a decrease in land annexed in Harford County and an increase in the development of land outside of municipal corporations, the bill could result in a decrease in tax revenues for municipal corporations with a corresponding increase in county tax revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Planning, Maryland Department of Agriculture, State Department of Assessments and Taxation, Harford and Howard counties, Department of Legislative Services

Fiscal Note History: First Reader – March 14, 2001
cm/jr Revised – House Third Reader – March 27, 2001

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