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MARYLAND DEPARTMENT OF AGRICULTURE

LEGISLATIVE COMMENT

DATE: January 29, 2020

BILL NUMBER: HOUSE BILL 17

SHORT TITLE: MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION -
VALUATION OF EASEMENT

MDA POSITION: INFORMATION

EXPLANATION:

This bill would allow, but not require, the Maryland Agricultural Land Preservation Foundation (MALPF) to use an appraised value for an application property for up to two years.

BACKGROUND INFORMATION:

The MALPF program purchases agricultural easements on properties to preserve productive farmland and woodland for the continued production of food and fiber for all of Maryland's citizens. To accomplish this and other statutory and ancillary goals, MALPF easements restrict agricultural land from commercial, industrial and residential development. To date, the Program has easements on almost 2,400 properties, covering over 322,000 acres at a public investment of more than \$766 million.

MALPF operates on easement application cycles. From FY 2009 through FY 2018, two fiscal years of funding were combined into a single application cycle. As of FY 2019, MALPF has returned to the annual application cycle, which results in the need to complete the easement application and acquisition cycle within a 12-month period instead of the 24-month period MALPF and county staff were accustomed to in the previous decade.

Currently, all easement applications are reviewed by MALPF staff, then provided to the Department of General Services (DGS) to procure two appraisals for each application to determine the fair market value (FMV) of the property. The appraisals must be completed prior to the MALPF Board extending an offer to purchase an easement. Oftentimes,

landowners who do not receive offers during one cycle reapply for the next cycle. Under the current statute, new appraisals are required in each cycle for all applications.

During the previous two-year application cycle, each property was valued as of July 1 of the year the application was submitted. While waiting for appraisals to be completed and other delaying factors, easement offers were not extended to landowners for at least 12 months (sometimes more than 18 months) after the July 1 application date. The ultimate result is that an easement acquisition could close 24 months or longer after the effective date of the appraised FMV.

With the return to the annual application cycle, MALPF and county staff have attempted to find avenues that could streamline the easement application and acquisition process to reflect the 12-month application cycle versus the 24-month application cycle, which would also shorten the timeframe between the effective date of the appraised FMV and the settlement date.

Past MALPF appraisal values indicate that trends in agricultural value historically have not changed rapidly. By allowing appraisals to be valid for a two-year period, the eligible “repeat applicants” would not need to be appraised the second successive year. The decrease in volume of appraisals would result in reduced appraisal expenses to MALPF and greater operational capacity for the DGS appraisers. Of the approximately 200 applications submitted for the FY20 application cycle, 25% were repeat applicants from the FY19 application cycle.

If you have additional questions, please contact Cassie Shirk, Director of Legislation and Governmental Affairs, at cassie.shirk@maryland.gov or 410-841-5886.