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Anne Arundel County

Budget and Taxation Committee

Subcommittees

Education, Business and Administration

Chair, Pensions

Senate Chair

Joint Committee on Administrative,
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Joint Committee on the Chesapeake and
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THE SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401

February 16, 2022

Testimony in Favor of SB567 Property Tax - Agricultural Use Assessment - Improvements

Chairman Guzzone, Vice-Chair Rosapepe, & members of the Budget & Taxation Committee,

I respectfully request a favorable report of Senate Bill 567, a necessary legislative tool that will require the State Department of Assessments and Taxation (SDAT) to properly assess certain agricultural improvements as agriculture rather than as commercial property. Within the past year, SDAT has instituted new provisions that incorrectly assess value-added agricultural improvements as commercial property. This inaccurate reclassification has resulted in a significant increase in agricultural taxes at a time when farmers can least afford to comply or satisfy these requirements. SB567 ensures that SDAT recognizes these value-added industries as what they are: agricultural endeavors.

As the largest commercial industry in Maryland, the agricultural community comprises nearly 6,000 full-time farmers and employs approximately 350,000 individuals. The agricultural community's contribution to the Maryland economy cannot be understated. According to the Maryland State Archives, agricultural entities contribute some \$8.25 billion annually to the state economy.

The rise of farm breweries, wineries, distilleries, creameries and other such industries serve to support Maryland farmers and provide greater opportunities for these entities to support themselves through the fruits of their labor -- by brewing their barley into beer, fermenting their grapes into wine, or distilling their wheat into spirits.

As it stands, agriculture faces a myriad of challenges: poor harvest seasons, climate change, labor shortages, supply chain disruptions, inflation, and lost revenue from COVID-19 related closures and capacity reductions. It is paramount that higher property taxes -- through a sudden change in State policy - do not become another complication that Maryland burdens farmers. This legislation goes on to protect a variety of agricultural entities - including beloved hayrides, corn mazes, pumpkin patches, and produce farms - from reassessment. Potential reassessment of these entities would not only undermine the strong agricultural presence in Maryland, but also limit civilian access to these programs, services, and seasonal activities.

By adopting this legislation to current agricultural use assessments, Maryland can effectively support agricultural entities and businesses, a keystone community in our state. In addition to these protections,

entities that have been previously and incorrectly reclassified as a commercial property will be refunded for falsely assessed taxes. This legislation is necessary to emend the harm that has been incorrectly inflicted on Maryland's agricultural entities and farming communities.

Once again, I respectfully request a favorable report on Senate Bill 567 to support and financially protect our Maryland agricultural community from improper commercial property assessment and taxation.