



Senate Bill 567

Property Tax - Agricultural Use Assessment - Improvements

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: February 16, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** SB 567. This bill would require an improvement on land that qualifies for an agricultural use assessment be assessed as agricultural property under specified circumstances. In addition, the bill would unjustly require local governments to grant retroactive tax refunds to reimburse taxpayers for a change in State law.

According to the bill's fiscal note, SB 567 would slash the assessable base by approximately \$8.2 billion. Local property tax revenues would decrease by \$84.6 million per annum, jeopardizing limited funds for public schools, health, infrastructure, public safety, and other essential services relied upon by the people of Maryland.

MACo is concerned with the carryover county fiscal effects of this legislation and would prefer approaches that provide local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources.

SB 567 would require that an improvement located on land that qualifies for an agricultural use assessment be assessed as agricultural property if the improvement is used for: (1) the manufacture, packaging, storage, promotion, or sale of a value-added agricultural product, including a dairy product, that is derived from ingredients produced on the agricultural land or any associated agricultural land; (2) specified agricultural alcohol production; or (3) specified agritourism. Further, the bill specifies that counties must issue refunds for related property taxes paid between January 1, 2021, and June 1, 2022.

In general, MACo stands for local self-determination. Counties, led by their elected leaders who are directly accountable within the community, are in the best position to make decisions on local affairs – ranging from land use to budget priorities. As such, MACo routinely supports legislation which enables counties to authorize local tax exemptions by local ordinance, as opposed to bills which mandate those exemptions across the board.

Many counties are interested in promoting agricultural tourism to support the agricultural industry. Agritourism can be a means to keeping farms profitable during times of low production, and it offers opportunities to highlight Maryland counties' unique agricultural assets. However, the significant costs of this bill are simply untenable. For these reasons, MACo urges the Committee to issue an **UNFAVORABLE** report on SB 567.