

Support of SB 567 - Property Tax - Agricultural Us

Uploaded by: Colby Ferguson

Position: FAV



Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

February 16, 2022

To: Senate Budget & Taxation Committee

From: Maryland Farm Bureau, Inc.

Re: **Support of SB 567 - Property Tax - Agricultural Use Assessment - Improvements**

On behalf of our member families, I submit this written testimony in support of SB 567. This bill adds certain Ag structures to be assessed at the agricultural use tax rate if the structure is used for 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; agricultural alcohol production; or agritourism.

For years now, valued-added farming operations have been able to use their farm buildings to offer agritourism activities as well as retain ownership in their farm commodities and further process to retain more of the margin dollars when sold to the public. In 2021, the State Department of Assessments & Taxation (SDAT) made the decision to start assessing these farm structures as commercial if they were being used for these farm practices. This bill is to get those assessments back to Ag like they were before last year.

Maryland Farm Bureau Policy:

Farms operating on-farm food processing, alcohol production, and agritourism businesses should be assessed at the agricultural use tax rate.

MARYLAND FARM BUREAU SUPPORTS SB 567 AND REQUEST A FAVORABLE REPORT

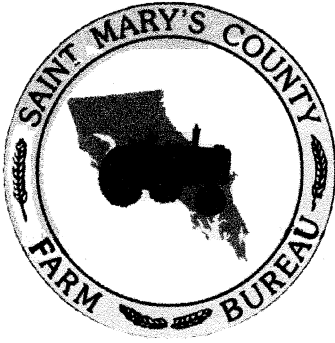
Colby Ferguson
Director of Government Relations

For more information contact Colby Ferguson at (240) 578-0396

SB567_Raley_Fav.pdf

Uploaded by: James K. Raley Jr.

Position: FAV



ST. MARY'S COUNTY FARM BUREAU

26737 Radio Station Way, Ste. G.

Leonardtown, MD 20650

(240) 309-4183

www.mdfarmbureau.com/st-marys

WORKING FOR SUSTAINABLE AGRICULTURE SINCE 1947

Senate Bill 567

Property Tax - Agricultural Use Assessment -
Improvements

Favorable

February 14, 2022

Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Dear Committee Members,

The Board of Directors of the St. Mary's County Farm Bureau supports SB 567—
Property Tax - Agricultural Use Assessment - Improvements, which is being heard in the Budget
and Taxation Committee.

Farm bureau supports SB 567 and requests a favorable report. We appreciate the
introduction of this legislation and believe it will benefit farmers in St. Mary's County.

Sincerely,

James K. Raley, Jr.
President
St. Mary's County Farm Bureau

Cc: St. Mary's County Delegation

SB 567 - Support - One Pager.pdf

Uploaded by: Matthew Bohle

Position: FAV



BILL – SB 567 - / HB 1282 – Property Tax – Agricultural Use Assessment – Improvements

POSITION: **SUPPORT**

BILL SUMMARY: This legislation requires the State Department of Assessments and Taxation (“SDAT”) to assess certain agricultural improvements as agriculture instead of commercial property. Additionally, entities that have been incorrectly reclassified as commercial will be refunded for the incorrect amount of taxes that they were assessed for and were required to pay.

WHAT IS THE PROBLEM: SDAT has begun assessing value added agricultural improvements as commercial property. This incorrect reclassification has greatly increased taxes on farmers at a time when they can least afford to comply with this tax increase.

WHY SUPPORT SB 567 / HB 1282?

Agriculture faces a myriad of challenges already: climate change, labor shortages, supply chain disruptions, inflation, lost revenue from COVID closures and capacity reductions – higher taxes stemming from an arbitrary decision should not be another problem that our farmers need to contend with.

Critical in this legislation is the focus on agriculture – these improvements are tied to ingredients or crops that are grown or produced on the farm and are subsequently converted into a product related to activity on the farm. Also prominent in this legislation are certain minor agritourism activities that so many Marylanders participate in and love that are also critical to the sustainability and viability of agriculture, such as hayrides, corn mazes, pumpkin patches, pick your own produce and so on. Value-added agriculture and agritourism have become an invaluable way for many farmers to stay afloat.

The fiscal note is relying on tax revenue projections the State has not been and should not be collecting. Even if this Fiscal note is correct, SDAT’s position is tantamount to imposing a new tax on Maryland farmers who are operating on razor thin margins prior to the global pandemic and demonstrates the need for relief. Proceeding with this position will only reduce the number of Maryland farmers and open space in Maryland.

This legislation does not change local zoning. These activities and improvements are only permitted if they are on agricultural-zoned land, and if local zoning permits these activities on agriculture zoned land. If local zoning does not permit large venues or other activities – that will still not be permissible under this bill.

This legislation is necessary to correct the harm that has been incorrectly inflicted on many agricultural entities already – therefore a refund in taxes is included for those entities that have been incorrectly reclassified.

For more information contact: Matthew Bohle or Brad Rifkin at 410.269.5066

SB 567- SUPPORT - St. Mary's County.pdf

Uploaded by: Randy Guy

Position: FAV

ST. MARY'S COUNTY GOVERNMENT
**COMMISSIONERS OF
ST. MARY'S COUNTY**



James R. Guy, President
Eric Colvin, Commissioner
Michael L. Hewitt, Commissioner
Todd B. Morgan, Commissioner
John E. O'Connor, Commissioner

Senate Bill 567

Property Tax - Agricultural Use Assessment – Improvements

SUPPORT

February 8, 2022

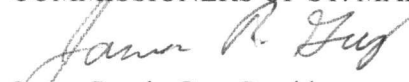
The Honorable Senator Guy Guzzone, Chairman
Budget and Taxation Committee
3 West, Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Dear Chairman Guzzone:

The Commissioners of St. Mary's County **SUPPORT** SB 567 - Property Tax - Agricultural Use Assessment – Improvements which is being heard in the Budget and Taxation Committee.

We support SB 567 and request a favorable report. We appreciate the introduction of this legislation and believe this legislation will benefit the citizens of St. Mary's County. We look forward to working with you on this and other initiatives throughout the session.

Sincerely,
COMMISSIONERS OF ST. MARY'S COUNTY


James Randy Guy, President

CSMC/AB/sf
T:/Consent/2022/047

Cc: Senator Jack Bailey
Delegate Matthew Morgan
Delegate Jerry Clark
Delegate Brian Crosby
Commissioner Eric Colvin
Commissioner Michael Hewitt
Commissioner Todd Morgan
Commissioner John O'Connor
Catherine Pratson, Co-County Administrator
David Weiskopf, Co-County Administrator

SB567_Elfreth_FAV.pdf

Uploaded by: Sarah Elfreth

Position: FAV

SENATOR SARAH ELFRETH
Legislative District 30
Anne Arundel County

Budget and Taxation Committee

Subcommittees

Education, Business and Administration

Chair, Pensions

Senate Chair

Joint Committee on Administrative,
Executive, and Legislative Review

Joint Committee on the Chesapeake and
Atlantic Coastal Bays Critical Area



James Senate Office Building
11 Bladen Street, Room 103
Annapolis, Maryland 21401
410-841-3578 • 301-858-3578
800-492-7122 Ext. 3578
Fax 410-841-3156 • 301-858-3156
Sarah.Elfreth@senate.state.md.us

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.

SB 567 Agricultural Assessments -- FAVORABLE with

Uploaded by: KIMBERLY EGAN

Position: FWA



One Common Bond | The Horse
One Common Voice | The Maryland Horse Council

Testimony of the Maryland Horse Council on SB 567

Property Tax - Agricultural Use Assessment – Improvements – **FAVORABLE WITH AMENDMENT**

The Maryland Horse Council (MHC) is a membership-based trade association that represents the state-wide horse industry in Maryland. Our members include horse farms; horse related businesses; equestrian competitors; trainers; individual enthusiasts; equine-assisted therapy programs; and breed, interest, and discipline associations. We represent over 30,000 Marylanders who make their living with horses, or who just own and love them.

MHC generally supports SB 567 because horse farms constitute 25 percent of Maryland's agricultural lands (705,000 acres), an amount equal to 10 percent of all land in Maryland. Horse farms are the backbone of the horse industry, which has a \$2.4 billion impact on Maryland in 2022 dollars and are significant contributors to the state's tax base.

Under Maryland law, "Equine activities shall be treated as agricultural activities for the purposes of this subtitle." Ag. Article § 2-701(d). Equine activities include "teaching equestrian skills, participating in equestrian competitions, exhibitions or other displays of equestrian skills, and caring for, breeding, boarding, renting, riding, or training horses." Id.

We request that SB 567 be amended to expressly include improvements constructed for the purpose of equine activities, as follows:

2-701(D):

(D) "EQUINE ACTIVITIES" INCLUDES TEACHING EQUESTRIAN SKILLS, PARTICIPATING IN EQUESTRIAN COMPETITIONS, EXHIBITIONS OR OTHER DISPLAYS OF EQUESTRIAN SKILLS, AND CARING FOR, BREEDING, BOARDING, RENTING, RIDING, OR TRAINING HORSES.

Respectfully submitted,

THE MARYLAND HORSE COUNCIL
(844) MDHORSE (844-634-6773)

SB 567 Agricultural Assessments -- FAVORABLE with

Uploaded by: KIMBERLY EGAN

Position: FWA



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One Common Voice | The Maryland Horse Council

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Respectfully submitted,

THE MARYLAND HORSE COUNCIL
(844) MDHORSE (844-634-6773)

SB 567 Agricultural Assessments -- FAVORABLE with

Uploaded by: KIMBERLY EGAN

Position: FWA



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Respectfully submitted,

THE MARYLAND HORSE COUNCIL
(844) MDHORSE (844-634-6773)

SB0567-BT_MACo_OPP.pdf

Uploaded by: Kevin Kinnally

Position: UNF



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.