



SB 567/HB 1282

PROPERTY TAX – AGRICULTURAL USE ASSESSMENT – IMPROVEMENTS

POSITION: SUPPORT.

BILL SUMMARY (as amended): This legislation requires the State Department of Assessments and Taxation (“SDAT”) to assess certain agricultural improvements as agriculture instead of commercial property. **As amended, this legislation clarifies that the improvements must be an accessory use on an actively used farm, is subject to permissible local zoning uses and instructs SDAT to reassess the affected properties on or prior to July 1, 2022. We appreciate the time and effort the Maryland Association of Counties (“MACo”) put into this legislation to produce an outcome that is agreeable to their members and our industries.**

THE PROBLEM: SDAT began assessing value added agricultural improvements as commercial property. This unilateral reclassification (done without the Maryland General Assembly weighing in) has greatly increased taxes on farmers at a time when they can least afford to comply with this tax increase.

BILL RATIONALE: 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 financial hurdle 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.

ADDITIONAL NOTES:

- **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.

For these reasons we respectfully request a favorable report on SB567!

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