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THE SENATE OF MARYLAND
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ANNE ARUNDEL COUNTY DELEGATION

Written Testimony in Support of SB 851 - Anne Arundel County - Property Tax Credit - Rural Legacy Program

Mr. Chair, Mr. Vice Chair, and Members of the Senate Budget and Taxation Committee:

SB 851 authorizes Anne Arundel County to grant, by law, a property tax credit for real property that is located in a specified Rural Legacy Area and for which the property owner has sold the development rights under the Rural Legacy Program, a program funded by grants from the Maryland Department of Natural Resources that is designed to preserve agricultural and natural resources in a designated Rural Legacy Area.

Background

Preservation of farms and forests is a priority goal in Maryland and Anne Arundel County. Preserving these lands protects natural resources, supports the agricultural economy, enhances quality of life, and supports smart growth and sustainable development. Anne Arundel County has preserved over 14,900 acres of land through our Agricultural and Woodland Preservation Program.

This legislation authorizes Anne Arundel County to provide a property tax credit for landowners that voluntarily enter into a Rural Legacy conservation easement, which extinguishes development rights and preserves the agricultural and natural resource values of the land. Property tax credits are already available to landowners who voluntarily preserve their property through the Maryland Agricultural Land Preservation Foundation (MALPF) program or the County's own preservation program and this bill would offer that same option for landowners who utilize the Rural Legacy program. The credit only applies to the County portion of the real property tax, not the State portion. There are existing provisions in State law specifically for Harford and Charles County to allow property tax credits for parcels under Rural Legacy conservation easement.

Fiscal Impact

The legislation is targeted and limited. There are only 21 properties in Anne Arundel County that currently have Rural Legacy easements and would be eligible. The tax credit would lower their property tax bills by about \$1,300 per year on average. That is not dramatic, but it is important to those landowners and is significant for the narrow profit margins on farms.

When comparing the 2025 real property tax bill for properties in the MALPF program (that receive the existing tax credit) and the Rural Legacy Program (that do not receive the tax credit), on average the Rural Legacy property owners pay approximately \$1,325 more in real property taxes annually.

Based on the current number of properties with a Rural Legacy conservation easement (21) and the county real property tax rate in fiscal 2026, Anne Arundel County property tax revenues could decrease by \$27,825 annually beginning in fiscal 2027, to the extent the property tax credit is granted. To the extent additional easements are purchased in the Anne Arundel County Rural Legacy Area, county property tax revenues will decrease accordingly.

Closing

SB 851 is limited in scope and consistent with the intent of existing law. For these reasons, I respectfully request a favorable report on SB 851.