

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 675 (St. Mary's County Delegation)  
Ways and Means

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**St. Mary's County - Property Tax Credit - Agricultural Land**

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This bill alters current law to allow St. Mary's County to grant a county property tax credit against real property subject to the Maryland Agricultural Land Preservation District Program or the St. Mary's Agricultural Land Preservation District 5-Year Program. Under current law, the county may grant a tax credit for a building other than a tobacco barn located on land that qualifies for an agricultural use assessment or that is used in connection with an activity that is recognized as an approved agricultural activity by the Department of Agriculture.

This bill is effective July 1, 1997.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** St. Mary's County revenues could decrease by an indeterminate amount in FY 1998. Expenditures would not be affected.

**Small Business Effect:** Potential meaningful impact on small businesses as discussed below.

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**Fiscal Analysis**

**Background:** The Maryland Agricultural Land Preservation District Program is designed to preserve agricultural land and woodland. It requires local governments to appoint agricultural preservation advisory boards to assist in the creation of local agricultural preservation districts to help curb the spread of urban sprawl as well as protect agricultural land and woodland as open space land.

**Local Revenues:** St. Mary's County's property tax rate is \$2.13 per \$100 of assessed value. For illustrative purposes, there are 114 owners of agriculturally assessed land in St. Mary's County that have expressed interest in receiving the credit authorized by this bill, although

not all of these property owners may meet the qualification criteria. A land preservation district must be at least 100 contiguous acres in size to qualify for the State preservation program, and at least 50 acres in size to qualify for a county program. A district must also be formed on land currently used for producing food or fiber or with the potential to produce food or fiber, and must meet certain guidelines for soil productivity. Assuming that all 114 property owners qualified and were granted a full tax credit for their agriculturally assessed land, 20,703 acres would be eligible for a credit for an estimated reduction in tax revenues of \$127,000.

The total amount of property and number of property owners that could be eligible for tax credits cannot be reliably estimated at this time. The specific impact of any tax credits granted would depend on the amount of eligible property, the number of tax credits granted by the county, and the amount of the credit.

**Small Business Effect:** If the county chooses to grant these tax credits, any small business farmers owning agricultural land eligible for a credit could realize reduced property tax bills.

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**Information Sources:** St. Mary's County, Department of Assessments and Taxation, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 27, 1997  
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