

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

House Bill 453 (Chairman, Appropriations Committee)  
(Departmental - Agriculture)

Appropriations

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**Maryland Agricultural Land Preservation Foundation - Easements**

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This departmental bill requires county governments to rank applications for the sale of development rights easements based on the county government's locally established priorities as approved by the Maryland Agricultural Land Preservation Foundation (MALPF). The foundation shall submit purchase offers based on the county rankings except in the case of additional offers to buy land submitted on a statewide basis. These additional offers to buy shall be based on the current ratio system of ranking.

This bill takes effect July 1, 1998.

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**Fiscal Summary**

**State Effect:** None. Total Maryland Agricultural Land Preservation Fund expenditures would not change. The bill's requirements could be handled with existing resources.

**Local Effect:** None. The bill does not require local governments to do anything more than establish a ranking system for the purchase of easements based on the local priorities for long-term land preservation goals.

**Small Business Effect:** The Department of Agriculture has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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## **Fiscal Analysis**

**Background:** The Maryland Agricultural Land Preservation Program was created by the General Assembly to preserve productive agricultural land and woodland which provide for the continued production of food and fiber; to limit the extent of urban development; and to protect agricultural land and woodland as open space. The Maryland Agricultural Land Preservation Foundation, with the assistance and cooperation of landowners and local governments, promotes the creation of agricultural land preservation districts and purchases development rights easements as a means of protecting agricultural land and woodland activities.

Participation in the Maryland Agricultural Land Preservation Program is voluntary on the part of landowners. To be eligible for district status, a property must have at least 100 contiguous acres with at least 50% of the total soils classified as U.S. Department of Agriculture (USDA) soil capability Class I, II, or III or woodland group one or two. Landowners also agree to maintain the land in agricultural use for a minimum of five years. Landowners who include their land within a district become eligible to receive county tax credits (if the county where the property is located has a tax credit program) and may make application to sell a development rights easement to the State. However, there is no guarantee that an offer will be made by the foundation.

The maximum price the foundation may pay for an easement is the landowner's asking price or the easement value, whichever is lower. The easement value is determined by subtracting the agricultural value from the appraised fair market value of the property. Once the development rights have been sold, the property is perpetually protected from further development, with certain rights available only to the owner who originally sold the easement.

As a point of reference, in fiscal 1998 it is estimated that the Maryland Agricultural Land Preservation Foundation will spend \$31.7 million on easement purchases and \$15.5 million on easement purchases in fiscal 1999.

**Local Effect:** The bill will give county governments greater influence in determining which parcels of land that MALPF will purchase easements on. Currently, county governments submit recommendations to MALPF for the purchase of easements. However, MALPF makes easement purchases based on a ratio system that determines the least costly price of land per acre, regardless of the county recommendation. The bill requires MALPF to purchase easements based on the county recommendations provided that the method by which they rank properties is recommended and approved by MALPF. This will allow the county to rank land for easement purchases based on what is most advantageous in terms of

the county's long-term land preservation goals. This could result in fewer acres being purchased at a higher cost per acre. However, since the bill does not require the counties to do anymore than determine a ranking system, the bill will not cause county expenditures to increase.

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**Information Source(s):** Maryland Department of Agriculture; Carroll, Harford, Prince George's, Queen Anne's and St. Mary's counties; Department of Legislative Services

**Fiscal Note History:** First Reader - February 20, 1998

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