

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 563 (Senator Colburn)

Budget and Taxation

Dorchester County - Property Tax Credit - Agricultural and Forest Land

This bill allows Dorchester County to grant a property tax credit against county property taxes imposed on agricultural land that is subject to a nutrient management plan or agricultural land for which a nutrient management plan is being developed for implementation. A credit may also be granted for county property taxes paid on forest land that is subject to a forest management plan or similar agreement. The county shall develop necessary criteria for implementing any credits, and may specify the amount and duration of as well as qualification and application procedures for a credit.

This bill is effective July 1, 1998.

Fiscal Summary

State Effect: None.

Local Effect: Potential meaningful decrease in Dorchester County revenues beginning in FY 1999. Expenditures would not be affected.

Small Business Effect: Potential minimal impact on small businesses in Dorchester County.

Fiscal Analysis

Local Revenues: Property such as agricultural or farm land, marshland, woodland, country club real property, and land for a planned development is valued by use and assessed at 50% of value. Land that is subject to an agricultural use assessment or forest conservation management agreement (FCMA) has a maximum value of \$400 per acre and \$110 per acre, respectively. Full tax credits granted by the county for these classifications of land would be worth a maximum of \$4.39 an acre for land assessed for agricultural use and a maximum of

\$1.10 an acre for FCMA land annually.

Dorchester County revenues could decline depending on the value of any credits granted by the county. If the county granted a 100% property tax credit for all property subject to use valuation and if all such property is or will be under a nutrient management plan or a forest management plan, annual revenues would decrease by approximately \$477,000 beginning in fiscal 1999 based on the county's property tax rate of \$2.195 per \$100 of assessed value. Any specific decrease in Dorchester County revenues would depend on the amount and value of any eligible property as well as the amount of any credits granted.

Information Sources: Department of Assessments and Taxation, Dorchester County,
Department of Legislative Services

Fiscal Note History: First Reader - March 2, 1998

ncs

Analysis by: Ryan Bishop
Reviewed by: David F. Roose

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710