

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 457 (Chairman, Environmental Matters Committee)
(Departmental - Agriculture)

Appropriations

Maryland Agricultural Land Preservation Foundation - Easements

This departmental bill authorizes each county governing body to rank applications to sell agricultural land easements based on locally established priorities as approved by the Maryland Agricultural Land Preservation Foundation (MALPF). The bill also requires county agricultural preservation advisory boards to recommend for ranking any application that qualifies and meets the priorities of the county. In addition, MALPF must rank applications and submit offers to buy easements based on the county priorities, except in the case of applications competing on a statewide basis following the initial round of offers. These additional offers shall be based on the current ratio system of ranking.

This bill takes effect June 1, 1999.

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. Local governments could establish a ranking system for the purchase of easements based on the local priorities for long-term land preservation goals with existing resources.

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

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 1999 it is estimated that the Maryland Agricultural Land Preservation Foundation will spend \$15.5 million on easement purchases and \$21.9 million on easement purchases in fiscal 2000.

Local Effect: The bill gives county governments greater influence in determining which parcels of land 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 allows local governments the option of developing a ranking system for easement purchases submitted to MALPF that are based on the local government's long-term land preservation goals, provided that the ranking system is approved by MALPF. Accordingly, easements will be purchased based on local government priorities instead of simply purchasing the least costly parcels of land. This could result in fewer acres being purchased at a higher cost per acre, without affecting overall expenditures, however.

Information Source(s): Maryland Department of Agriculture; Harford, Montgomery, and Prince George's counties; Department of Legislative Services

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