

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

Senate Bill 443 (Senator Haines. *et al.*)

Budget and Taxation

Political Subdivisions - Property Tax - State Grants

This bill provides an annual State grant beginning in fiscal 2002 to each county and Baltimore City based on a rate of \$.02 per \$100 of assessed value of real property, taxable for State purposes. The grant is distributed based on the percentage of the number of acres of agricultural land in each county to the total number of acres of agricultural land in the State. A flat grant of \$500,000 is provided to Baltimore City. The grants must be used for agricultural land preservation or for the acquisition and development of land for recreation and open space purposes.

The bill is effective July 1, 2000, and is applicable to all fiscal years beginning on or after July 1, 2001.

Fiscal Summary

State Effect: General fund expenditures could increase by \$24.8 million in FY 2002. Future-year estimates reflect 2% annual increases in the State's assessable base for real property. No effect on revenues.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	0	24.8	25.3	25.8	26.3
Net Effect	\$0	\$(24.8)	\$(25.3)	\$(25.8)	\$(26.3)

Note: () = decrease; GF = general funds

Local Effect: County and Baltimore City grant revenues could increase by \$24.8 million in

FY 2002 and increase to \$26.3 million by FY 2005. Expenditures could increase for agricultural land preservation and for the acquisition and development of land for recreation and open space purposes in amounts equivalent to the increase in grant revenues.

Small Business Effect: None.

Analysis

Current Law: None applicable.

Background: Maryland has 2,691,015 acres of agricultural land. **Exhibit 1** provides a breakdown on the distribution of the number of acres by county.

There are two State programs which currently provide the counties with funds for agricultural land preservation and the acquisition and development of land for recreation and open space purposes. The Maryland Agricultural Land Preservation Foundation was created in 1977 to preserve agricultural land and woodland as open space in the State. Funding is entirely special funds, from the State's property transfer tax and the agricultural land transfer tax. During fiscal 1982 through 1998, State funds available to the counties for easement acquisitions totaled over \$138 million.

Program Open Space (POS) was created in 1969 to expedite the acquisition of outdoor recreation and open space land. POS provides for both State and local acquisition and development. The program is funded entirely through special funds derived from the State transfer tax. During fiscal 1969 through 1998, State POS funds distributed to the counties totaled \$414 million.

State Expenditures: The grant to the counties equals \$.02 per \$100 of assessed value on real property, taxable at full rate for State purposes. The estimated State assessable base for fiscal 2002 totals \$123,840,718,000. A tax rate of \$.02 per \$100 of assessed value results in a \$24,768,144 grant to the counties. The assessable base for State purposes is expected to increase by approximately 2% per year with the grant amount increasing proportionally.

Local Revenues: County revenues would increase by a total of \$24,768,144 in fiscal 2002, estimated to increase by approximately 2% annually thereafter. **Exhibit 1** provides a breakdown of the fiscal 2002 grant amount by county.

Local Expenditures: County expenditures could increase by a total of \$24,768,144 in fiscal 2002 as the bill requires that the grant proceeds may only be expended for agricultural land preservation and for the acquisition and development of land for recreation and open space

purposes. However, there is no time requirement for expending the grant amount so the expenditure of the grant amount could actually span a number of years.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Assessments and Taxation, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2000
cm/jr

Analysis by: Karen S. Benton

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510

Exhibit 1
Distribution of Grant by County

County	Acres of Agricultural Land	Percentage of Total	Aid Distribution Amount
Allegany	68,849	2.5585%	\$620,895
Anne Arundel	51,369	1.9089%	463,257
Baltimore City	0	0.0000%	500,000
Baltimore County	119,222	4.4304%	1,075,169
Calvert	34,867	1.2957%	314,438
Caroline	152,939	5.6833%	1,379,236
Carroll	166,605	6.1912%	1,502,480
Cecil	111,543	4.1450%	1,005,918
Charles	98,441	3.6581%	887,762
Dorchester	158,602	5.8938%	1,430,306
Frederick	235,747	8.7605%	2,126,016
Garrett	161,358	5.9962%	1,455,161
Harford	109,917	4.0846%	991,255
Howard	42,705	1.5869%	385,123
Kent	143,613	5.3368%	1,295,132
Montgomery	89,213	3.3152%	804,542
Prince George's	57,044	2.1198%	514,435
Queen Anne's	182,544	6.7835%	1,646,220
St. Mary's	112,320	4.1739%	1,012,926
Somerset	71,223	2.6467%	642,304
Talbot	121,795	4.5260%	1,098,373
Washington	138,347	5.1411%	1,247,643
Wicomico	112,564	4.1830%	1,015,126
Worcester	150,188	5.5811%	1,354,427
Statewide	2,691,015	100.0000%	\$24,768,144