

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE  
Revised

Senate Bill 255 (Senator Middleton. *et al.*)

Budget and Taxation

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**Agriculture - Land Preservation Matching Grants Act of 2000**

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This bill requires the Maryland Agricultural Land Preservation Foundation (MALPF), in fiscal 2002 only, to provide a matching grant to a county with a certified agricultural land preservation program in an amount equal to the lesser of \$1 million or the increase in the county's general funds used for an approved local agricultural land preservation program in fiscal 2001 over fiscal 2000. The bill requires a county to use the funds only for an approved local agricultural land preservation program. The bill provides that a county that establishes an approved agricultural land preservation program during fiscal 2001 may qualify for the grant.

The bill sunsets on September 30, 2002.

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**Fiscal Summary**

**State Effect:** Potential meaningful increase in general fund expenditures in FY 2002 to provide matching grants of up to \$1 million to each eligible county. If every county becomes eligible to receive the maximum grant, expenditures could increase by \$23 million; however, the costs are anticipated to be less than this maximum amount.

**Local Effect:** Potential meaningful increase in county revenues and expenditures in FY 2002 in eligible counties.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Upon request, MALPF may approve a local program of agricultural land preservation provided that: (1) the county agrees to contribute at least 40% of the value of any easement acquired by MALPF as a result of a matching allotted purchase; and (2) the county shows evidence that any county program will not result in the preservation of land that does not meet the minimum standards set by MALPF. A county may also apply to the Maryland Office of Planning (MOP) and MALPF to be certified as having an effective local agricultural land preservation program.

**Background:** The total funds available to MALPF for the purchase of easements are equally divided to provide general allotted funds and State matching funds. The total amount of the general allotted funds is divided equally among the 23 counties during "Round 1" offers, which is the round under which easement purchase requests within each county compete for available funds. The other half of the available funds are used for up to a 60% match in those counties which participate in the State matching funds program. Once general allotted funds are depleted, the State provides up to a 60% match for county easement purchases up to \$1 million in any county in any fiscal year. Once these funds are exhausted, the remaining easement requests compete statewide in "Round 2." Round 2 funding consists of unused general allotted funds and unused State matching funds. In fiscal 1999, 19 counties participated in the State matching funds program.

In 1990, the General Assembly created the certification of agricultural land preservation programs. To become certified, a county must apply to MALPF and MOP. For certification to be granted, a county must demonstrate that its program is likely to succeed in achieving county goals for preserving agricultural land. Certification enables counties to retain a greater portion of the agricultural land transfer tax to increase the local purchase of easements. As of August 1999, 15 counties had certified county agricultural land preservation programs. Fourteen of those counties also participated in the State matching funds program in fiscal 1999.

**State Expenditures:** General fund expenditures will increase by an indeterminate amount in fiscal 2002. The bill requires MALPF to provide a grant to a certified county in an amount equal to the lesser of \$1 million or the increase in the county's general funds used for approved local programs in fiscal 2001 over fiscal 2000. The bill also provides that a county may establish an approved local program in fiscal 2001 and qualify for a grant.

As drafted, it is unclear if a county must both be certified and have an approved program for matching purposes in order to qualify for the grant. If the intent of the bill is to limit the grant to a county that is both certified and has an approved agricultural preservation program for matching purposes, MDA advises that only 14 counties would currently be eligible for the

grant. If the intent of the bill is to limit the grant to a county that has an approved program for matching purposes, regardless of certification, MDA advises that based on 1999 data, 19 counties would currently be eligible for the grant. If the intent of the bill is to limit the grant to a county that is certified but does not have an approved program for matching purposes, MDA reports that 15 counties would currently be eligible for the grant.

Because the number of counties that will qualify and the extent to which a county will increase its general funds used for an approved program in fiscal 2001 over fiscal 2000 are unknown, the actual increase in general fund expenditures cannot be precisely estimated at this time. In any event, the maximum increase in general fund expenditures would be \$23 million in fiscal 2002. Expenditures would only increase by that amount if every county becomes eligible for the grant and increases its county general funds for an approved local program by \$1 million in fiscal 2001. MDA advises, however, that counties that already pledge substantial local funds will likely be unable to increase their contributions by that amount.

**Local Fiscal Effect:** To the extent that a county is or becomes eligible for the grant in fiscal 2001 and chooses to increase its general funds for an approved local agricultural land preservation program, the bill could increase county revenues by the difference in its fiscal 2000 and fiscal 2001 funding levels up to \$1 million. While county expenditures would increase by the same amount in order to qualify for the matching grant, the overall result would be an increase in funds available for the purchase of easements. If a county is not eligible, does not become eligible, or does not increase its general fund contributions for fiscal 2001, the bill will have no impact on that county.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 186 (Delegate Glassman, *et al.*) - Appropriations.

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

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