

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 837 (Senator Colburn)

Budget and Taxation

**Dorchester County - Property Tax Credit - Agricultural Land in Agricultural
Preservation District**

This bill authorizes Dorchester County to grant a county property tax credit on agricultural land located in an agricultural preservation district or that is subject to an agricultural land preservation easement or similar easement.

The bill is effective July 1, 2000.

Fiscal Summary

State Effect: None. The bill does not provide a State property tax credit.

Local Effect: Dorchester County property tax revenues could decrease if the county granted the credit.

Small Business Effect: Potential minimal.

Analysis

Current Law: Dorchester County may grant a property tax credit for both agricultural land that is subject to or developing a nutrient management plan and forest land that is subject to a forest management plan or similar agreement.

Background: Agricultural land in Dorchester County has a total assessment of approximately \$15 million and the county tax rate is \$2.175 per \$100 of assessed value. However, not all of this land is in an agricultural land preservation district or is subject to an agricultural land preservation easement. The maximum decrease in property tax revenues for

the county would be \$325,000 if all of this land were eligible for the tax credit.

Landowners who agree to place their farms within an agricultural preservation district may sell a development rights easement on that property to the Maryland Agricultural Land Preservation Foundation (MALF). Agricultural preservation districts are formed when qualifying landowners sign voluntary agreements to keep their land in agricultural or woodland use for a minimum of five years. Landowners who sell an easement to MALPF may exclude lots for themselves and their children subject to specified conditions.

Generally, all real property is subject to State, county, and potentially municipal property taxes. However, the State does have the authority to provide local property tax credits, either on a mandatory or an enabling basis.

Local Revenues: Dorchester County property taxes would decrease if the county granted the credit. The actual decrease would depend on the amount of the credit granted, its duration, and the assessed value of agricultural land which is in an agricultural land preservation district or is subject to an agricultural land preservation easement. Legislative Services does not have any information at this time that indicates the assessed value of such land.

Additional Information

Prior Introductions: None.

Cross File: HB 1367 (Dorchester County Delegation) - Ways and Means.

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

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Analysis by: Karen S. Benton

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