

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

House Bill 131 Southern Maryland Delegation)

Appropriations

Economic and Environmental Affairs

Maryland Agricultural Land Preservation Program - Inclusion of Smaller Farms

This bill requires the Maryland Agricultural Land Preservation Foundation (MALPF) to provide in its regulations and criteria relating to the establishment of agricultural districts that as long as all other criteria are met, land that is at least 50 acres in size shall qualify for inclusion in an agricultural district.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing resources. The bill does not change total MALPF revenues or expenditures. The bill allows smaller parcels to be eligible for district status. According to the Maryland Department of Agriculture, smaller properties generally have a higher easement price per acre. To the extent that the bill results in increased costs per acre, the total number of acres of land that MALPF will be able to purchase will decrease.

Local Effect: The bill is not expected to have a significant fiscal impact in some counties such as Anne Arundel, Calvert, Carroll, Prince George's, and St. Mary's counties. The bill could, however, result in a decrease in property tax revenues in some counties that offer tax credits for the establishment of agricultural districts, such as Charles, Harford, and Washington counties.

Small Business Effect: Potential meaningful. Most farms are small businesses. The bill would allow additional farms to be eligible for district status. Accordingly, the bill could result in an increase in the number of farmers that are eligible to apply to MALPF to sell easements. The number of farmers that would choose to participate as a result of this bill, however, is unknown.

Analysis

Current Law: Regulations and criteria developed by MALPF relating to land which may be included in an agricultural district must provide that land shall meet productivity, acreage, and locational criteria determined by MALPF to be necessary for the continuation of farming. MALPF must attempt to preserve the minimum number of acres in a given district that may reasonably be expected to promote the continued availability of agricultural suppliers and markets for agricultural goods.

Background: The Maryland General Assembly created MALPF in 1977. 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. MALPF has determined that to be eligible for district status, a property must have at least 100 contiguous acres. Smaller properties may qualify under special exceptions or if the property is adjacent to land already enrolled in the program. Once a district is established, the landowner is eligible to apply to sell a development rights easement on that property to MALPF. Subject to some limitations, once an easement has been sold, the property is protected from further development.

Many local jurisdictions operate land preservation programs that work in conjunction with MALPF. Some local jurisdictions offer tax incentives to property owners in order to encourage agricultural land preservation. Several counties have local agricultural land preservation programs that have been certified by MALPF and the Department of Planning as being effective.

Local Fiscal Effect: The bill is not expected to have a significant fiscal impact in some counties, such as Anne Arundel, Calvert, Carroll, Prince George's, and St. Mary's. The bill could, however, result in a decrease in property tax revenues in some counties that offer tax credits for the establishment of agricultural districts by increasing the number of landowners eligible for such a tax credit. For example, Charles, Harford, and Washington counties all advise that the bill would most likely result in an increase in the number of farms that would become eligible for district status. Charles County estimates that 44 farms would become eligible; Harford County estimates that approximately seven farms would become eligible; and Washington County advises that at least three farms would become eligible. However, because the number of farmers that would actually participate in the MALPF program is unknown, and because the amount of any tax credit would depend on the value of the land involved, which is also unknown, Legislative Services advises that a reliable estimate of any decrease in property tax revenues for affected counties cannot be made at this time.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture; Anne Arundel, Calvert, Carroll, Charles, Harford, Prince George's, St. Mary's, and Washington counties; Department of Legislative Services

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