

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 303 (Senator Haines)
Budget and Taxation

Political Subdivisions - Property Tax - State Grants

This bill provides an annual State grant beginning in fiscal 2003 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, 2001 and is applicable to all fiscal years beginning on or after July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures could increase by \$64.9 million in FY 2003. Future year estimates reflect 2% annual increases in the State's assessable base for real property. No effect on revenues.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	64,900,000	66,100,000	67,500,000	68,800,000
Net Effect	\$0	(\$64,900,000)	(\$66,100,000)	(\$67,500,000)	(\$68,800,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: County and Baltimore City grant revenues could increase by \$64.9 million in FY 2003 and increase to \$68.8 million by FY 2006. 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: Chapter 634 of 2000 established the Task Force to Study the Maryland Agricultural Land Preservation Foundation. The task force was charged mainly with studying the program, practices, and financial standing of the Maryland Agricultural Land Preservation Foundation. In addition, the task force was to review and make recommendations on certain legislation considered by the General Assembly during the 2000 session. The Senate Budget and Taxation Committee referred SB 433 of 2000, which is identical to this bill, for this study. On December 1, 2000, the task force issued an interim report focusing on recommendations relating to the deferred legislation from the 2000 session. The task force made short-term interim recommendations for increasing funding. Specifically, it recommended legislation that would grant State income tax credits for certain donated easements and legislation that would grant a one-time \$7 million general fund appropriation to create incentives for the counties. The task force plans to issue a final report with long-term recommendations by July 31, 2001.

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 2003 totals \$324,254,617,000. A tax rate of \$.02 per \$100 of assessed value results in a \$64,850,921 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 \$64,850,921 in fiscal 2003, estimated to increase by approximately 2% annually thereafter. **Exhibit 1** provides a breakdown of the fiscal 2003 grant amount by county.

Local Expenditures: County expenditures could increase by a total of \$64,850,921 in fiscal 2003 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 Comments: This bill was also introduced during the 2000 session as SB 433 with an estimated cost to the State general fund of \$24.8 million. The estimated cost has

increased significantly for this bill because starting in fiscal 2002 the State will begin to assess property at full value instead of 40% of full value. Therefore, the assessable base has increased by 60% and the grant amount has increased proportionately.

Additional Information

Prior Introductions: SB 443 of the 2000 session was referred to interim study by the Senate Budget and Taxation Committee.

Cross File: None.

Information Source(s): Department of Assessments and Taxation; Baltimore City; Carroll, Harford, Montgomery, Prince George's, and Queen Anne's counties; Department of Legislative Services

Fiscal Note History: First Reader – February 9, 2001
cm/cr

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Exhibit 1
Distribution of Grant by County

County	Acres of Agricultural Land	Aid Distribution Amount
Allegany	90,732	\$2,081,314
Anne Arundel	49,757	1,141,383
Baltimore City	0	500,000
Baltimore County	101,623	2,331,144
Calvert	51,506	1,181,503
Caroline	157,417	3,611,011
Carroll	149,483	3,429,012
Cecil	115,197	2,642,520
Charles	101,925	2,338,072
Dorchester	172,060	3,946,909
Frederick	233,506	5,356,427
Garrett	178,609	4,097,137
Harford	106,457	2,442,032
Howard	44,007	1,009,483
Kent	144,910	3,324,111
Montgomery	88,404	2,027,912
Prince George's	58,442	1,340,609
Queen Anne's	171,845	3,941,977
St. Mary's	90,855	2,084,136
Somerset	106,372	2,440,082
Talbot	123,035	2,822,317
Washington	144,633	3,317,757
Wicomico	143,121	3,283,073
Worcester	181,393	4,161,000
Statewide	2,805,289	\$64,850,921

