

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 616 (Delegates James and Glassman)
Appropriations

Maryland Agricultural Land Preservation - Termination of Easement

This bill provides that a landowner may not terminate an agricultural land preservation easement that is purchased by the Maryland Agricultural Land Preservation Foundation (MALPF) after July 1, 2002.

The bill takes effect July 1, 2001.

Fiscal Summary

State Effect: Potential increase in federal fund revenues to the extent that the repeal of the termination provision makes it easier to meet federal criteria for agricultural land preservation grants. Potential decrease in special fund revenues beginning in FY 2028 by removing the termination provision. Expenditures would not be materially affected.

Local Effect: Potential increase in federal fund revenues to the extent that the repeal of the termination provision makes it easier to meet federal criteria for agricultural land preservation grants. Local expenditures would not be materially affected.

Small Business Effect: Minimal.

Analysis

Current Law: At any time after 25 years from the date of purchase of an easement, the landowner may request that the easement be reviewed for possible termination. Upon such a request, MALPF must conduct an inquiry to determine the feasibility of profitable farming on the land. MALPF shall conclude the inquiry and reach a decision within 180

days after the request. MALPF must inspect the site and, after adequate public notice, conduct a public hearing within the county containing the land. An easement may be terminated only with the approval of the governing body of the county containing the land. The county government must receive the recommendation of the county agricultural preservation advisory board. The decision of the county governing body shall be made after the public hearing is held. The county governing body must notify MALPF of its decision within 30 days after the public hearing. Upon the affirmative vote of a majority of MALPF members at-large, and upon approval by the Secretary of Agriculture and the State Treasurer, the request for termination shall be approved and the landowner shall be notified. If the request for termination is denied, or if the landowner fails to repurchase the easement within a specified period of time, the landowner may not again request termination of the easement until five years after the last request was made.

Background: The Maryland General Assembly created MALPF in 1977 to, among other things, protect agricultural land in the State. 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. Once a district is established, the landowner is eligible to apply to sell a development rights easement on that property to MALPF.

State Revenues: Because the bill prohibits the termination of easements purchased after July 1, 2002, the bill could result in an increase in federal fund revenues to the extent that MALPF is able to meet federal criteria for agricultural land preservation grants more easily. According to MALPF, one of the criteria for federal grants is that easements may not be terminated prior to 30 years after the purchase of the easement. When MALPF applies for federal funds, it makes agreements with some landowners to modify the terms of the easements in order to meet this requirement. MALPF advises that it expects to receive an estimated \$2 million in federal funds in fiscal 2002.

Currently, when an easement is terminated, the landowner is required to reimburse MALPF in an amount equal to the difference between the fair market value of the land and the agricultural value of the land at the time of termination. Under this bill, easements purchased after July 1, 2002 could not be terminated. Accordingly, special fund revenues would decrease. Because easements purchased after July 1, 2002 cannot, pursuant to current law, be terminated until 25 years after the purchase date, any decrease in revenues would not occur until fiscal 2028. Because the number and value of future easements that would be terminated pursuant to current law is unknown, any such decrease in revenues cannot be estimated.

Local Revenues: Currently, local jurisdictions may receive federal funding for agricultural land preservation through the State's program and may also apply for federal

funds on their own. Because the bill prohibits the termination of easements purchased after July 1, 2002, the bill could result in an increase in federal fund revenues to the extent that the bill makes it easier to meet federal criteria for agricultural land preservation grants, as discussed above.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Department of Legislative Services

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