

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

House Bill 988

(Delegates Redmer and Baldwin)

Appropriations

Agriculture - Land Preservation - Termination of Easement

This bill removes the current 25-year time limit that a landowner is required to wait until the landowner may request that an easement purchased by the Maryland Agricultural Land Preservation Foundation (MALPF) be reviewed for possible termination. Upon request for a review prior to 25 years from the date of purchase of an easement, MALPF *may* conduct an inquiry to determine the feasibility of profitable farming on that land. Upon request for a review after 25 years from the date of purchase of an easement, MALPF *must* conduct such an inquiry.

Fiscal Summary

State Effect: The bill could expedite the receipt of special fund revenues related to the reimbursement by landowners to MALPF for the termination of easements. Potential decrease in federal fund revenues to the extent that the bill results in the inability to meet federal criteria for agricultural land preservation grants. MALPF could handle the bill's changes with existing budgeted resources.

Local Effect: Potential decrease in federal fund revenues for some local jurisdictions to the extent that the bill results in the inability to meet federal criteria for agricultural land preservation grants. Local governments could handle the bill's changes with existing budgeted resources.

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 request for a review of an easement for termination, an inquiry shall be conducted by MALPF 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. Landowners who agree to place their farms within an agricultural preservation district may sell a development rights easement on that property to MALPF.

State Revenues: To the extent that the bill results in the termination of an easement prior to when it could be terminated under current law, the bill could expedite the receipt of special fund revenues related to the reimbursement by the landowner to MALPF. Pursuant to current regulations, any such reimbursement would be equal to the difference between the fair market value of the land and the agricultural value of the land at the time the easement is terminated.

MALPF applies for federal grants for the purchase of easements when available. According to MALPF, one of the criteria for those grants is that easements cannot be terminated prior to 30 years after the purchase of the easement. Accordingly, MALPF makes agreements with some landowners to modify the terms of the easement in order to meet this requirement. Because the bill provides for the possible termination of easements at any time, the bill could result in the loss of federal funds to the extent that

federal criteria can no longer be met. MALPF advises that it expects to receive an estimated \$2 million in federal funds in fiscal 2002.

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. To the extent that the bill results in an inability to meet federal criteria, the bill could result in a loss of federal funds, 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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