

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

House Bill 90

(Chairman, Environmental Matters Committee and
Chairman, Ways and Means Committee)
(Departmental - Natural Resources)

Environmental Matters and Ways and Means Education, Health, and Environmental Affairs

Forest Conservation Management Agreements - Notice Required

This departmental bill requires an owner of land that is subject to a forest conservation management agreement to promptly provide notice in two instances. First, before a sale or transfer, the owner must notify a prospective buyer or transferee that the land is subject to the agreement; and second, within 30 days of a sale or transfer, the owner must notify the Department of Natural Resources (DNR) of the sale or transfer. The bill specifies that these notice requirements are also applicable to a successor, heir, and assign of the owner, and as applicable, the personal representative of the owner's estate. The bill also clarifies that one of the conditions for the assignment and transfer of an agreement is that the agreement is transferred to the buyer *by the landowner or the landowner's successors, heirs, or assigns*.

Fiscal Summary

State Effect: The bill would not materially affect State operations or finances.

Local Effect: None.

Small Business Effect: DNR has determined that this bill will have minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: An agreement may be assigned and transferred to a buyer of all or part of the land that is subject to the agreement if: (1) the buyer assumes the obligation of the

agreement; (2) the agreement is transferred; and (3) property tax on an assessment is not due.

Background: A forest conservation management agreement is an agreement between a landowner and DNR whereby the landowner agrees to follow a written forest management plan in return for a reduced and/or frozen property tax assessment on the forest land enrolled in the agreement. A landowner must have a minimum of five acres of forest land to be eligible. The length of the agreement must be a minimum of 15 years. DNR inspects the property every five years to ensure compliance with the terms of the agreement. The agreement can be amended to add or delete acreage, modify the names of the owners, extend the length of the agreement, or transfer the agreement to another party. The penalty for non-compliance is termination of the agreement and the imposition of roll-back taxes back to the date of the original agreement.

According to DNR, performance on the forest conservation aspect of these management agreements has often lapsed when, without DNR's knowledge, the property is sold or the owner dies. Not aware of the agreement or its terms, the buyer or deceased owner's heirs may develop the property or use it in some other way that is contrary to the terms of the agreement. Meanwhile, the new owner or heirs continue to receive the tax benefit as if the property were still being conserved in accordance with the agreement. The bill seeks to close the information gap by specifying the notice obligations of the landowner and other individuals representing the landowner's interests.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, State Department of Assessments and Taxation, Charles County, Frederick County, Montgomery County, Prince George's County, Department of Legislative Services

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