

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**

House Bill 1181 (Delegate Rzepkowski)  
Commerce and Government Matters

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**Political Subdivisions - Property Conveyed to a County for Less than Fair  
Market Value**

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This bill requires a county to pay former property owners the difference between the purchase price and the fair market value for property purchased by the county when the property is used in a manner inconsistent with the purposes for which it was conveyed. The bill's provisions are applicable to all property conveyances to a county since June 1, 1997.

The bill is effective June 1, 2002.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential significant increases in local expenditures. Revenues would not be affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** There is no specific provision of law that requires a county to pay the difference between the fair market value and the purchase price for property purchased by the county if the property is used in a manner inconsistent with the purpose for which it was conveyed.

**Background:** In 1998 a resident of Anne Arundel County sold a 12-acre horse farm to Anne Arundel County for \$504,000, which was less than fair market value. The contract of sale specified that the land would be used for the expansion of Broadneck Area Park and establishment of a new equestrian center. However, a panel appointed by the Anne Arundel County Director of Parks and Recreation recommended in 1999 the property be used for recreational purposes and equestrian activities. Anne Arundel County has moved forward with plans for hiking trails and sports playing fields on one-half of the site and the equestrian center on the other half.

**Local Fiscal Effect:** County expenditures would increase if property purchased by the county at less than fair market value is used for a purpose inconsistent for which it was originally conveyed. Any impact would depend on: (1) the number of properties purchased at less than fair market value by a county since June 1, 1997 that was used in a different manner than originally conveyed; and (2) the difference between the fair market value and the purchase price. There is currently a case in Anne Arundel County, whereby the county may be required to pay the property owner more than \$500,000 if the property is developed in a manner differently than the owner and the county originally intended.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Cecil County, Montgomery County, Prince George's County, Harford County, Queen Anne's County, St. Mary's County, Carroll County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2002  
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