

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

Senate Bill 438

(Senators Ferguson and Mooney)

Budget and Taxation

Ways and Means

**Frederick County - Property Tax Credits - Agricultural Preservation Land and
Farm Buildings**

This bill authorizes Frederick County to grant a property tax credit against the county real property tax on certain “agricultural preservation land” and against the property tax on buildings that are located on qualified agricultural land and used in connection with an agricultural activity.

The bill is effective June 1, 2002 and applicable to tax years beginning after June 30, 2002.

Fiscal Summary

State Effect: None. This bill does not provide a State property tax credit.

Local Effect: Assuming that a 100% exemption is granted, Frederick County property tax revenues could decrease by \$525,600 annually.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: Agricultural preservation land is defined as real property that is subject to an easement or other interest that is permanently conveyed or assigned to preserve the agricultural use of the property, or real property that the county has designated as being within an agricultural preservation district.

The county may provide by law for any procedural or enforcement provisions necessary to provide the credits.

Current Law: Agricultural real property is generally subject to property taxes. Agricultural products and personal property are exempt from taxation. Frederick County's property tax rate is \$1.00 per \$100 of assessed value.

Background: There are currently 146 properties covering 21,642 acres in land preservation programs in Frederick County. The most recent average assessment per acre in Frederick County was \$234. Additionally, 4,749 properties receive an agricultural assessment in the county. The majority of agricultural buildings have an assessed value of \$5/square foot to \$15/square foot.

Local Revenues: If Frederick County were to grant a 100% exemption on agricultural preservation land, property tax revenues could annually decrease by \$50,600, based on the number of acres in land preservation programs and the average assessment per acre.

Assuming an average assessment for agricultural buildings of \$10/square foot and 2,000 square feet of improvements per property 50% depreciated, if the county provided a 100% tax credit for buildings located on agricultural land used for agricultural purposes, county property tax revenues could annually decrease by \$475,000.

The actual decrease in property tax revenues would depend on the number of properties and improvements qualified for the exemption and their actual assessed value.

Additional Information

Prior Introductions: None.

Cross File: HB 337 (Frederick County Delegation) – Ways and Means.

Information Source(s): Department of Assessments and Taxation, Department of Agriculture, Frederick County, Department of Legislative Services

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