

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE

House Bill 406 (Delegate Costa, *et al.*)  
Environmental Matters

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**Maryland Agricultural Land Preservation Foundation - Acreage Requirements**

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This bill decreases the minimum acreage requirement, from 50 to 25 acres, that must be met to qualify for inclusion in an agricultural district under the Maryland Agricultural Land Preservation Foundation (MALPF).

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**Fiscal Summary**

**State Effect:** The bill does not change total MALPF revenues or expenditures. The bill allows smaller parcels to be eligible for district status. According to MALPF, smaller properties generally have a higher per acre easement price. To the extent the bill results in increased costs per acre, the total number of acres of land that MALPF will be able to purchase will decrease.

**Local Effect:** Potential decrease in property tax revenues for counties that offer tax credits for the establishment of agricultural districts.

**Small Business Effect:** Potential meaningful. The bill would allow additional farms to be eligible for district status and could thus result in an increased number of farmers who are eligible to apply to MALPF to sell easements. The number of farmers that would choose to participate as a result of this bill, however, is unknown.

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**Analysis**

**Current Law:** The Maryland General Assembly created the Maryland Agricultural Land Preservation Foundation (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. Pursuant to Chapter 642 of 2001, regulations and criteria developed by MALPF relating to land that may be included in an agricultural district must provide that, as long as all other criteria are met, land that is at least 50 acres in size (down from 100 acres) shall qualify for inclusion as an agricultural district. Landowners who agree to place their farms within an agricultural preservation district may sell a development rights easement on that property to MALPF. Subject to some limitations, once an easement has been sold, the property is protected from further development.

**Background:** Many local jurisdictions operate land preservation programs that work in conjunction with MALPF. Some local jurisdictions offer tax incentives to property owners in order to encourage agricultural land preservation.

**Local Fiscal Effect:** The bill could result in a decrease in property tax revenues in some counties that offer tax credits for the establishment of agricultural districts by increasing the number of landowners eligible for such a tax credit. For example, Frederick County estimates that as many as five new districts could be established under the bill, resulting in a minimal decrease in property tax revenues. Charles County advises that property tax revenues could decrease by as much as \$40,000 annually as a result of the bill.

**Additional Comments:** Joint Resolution 16 of 2002 established a statewide goal to triple the number of acres of productive agricultural land preserved by MALPF and other land preservation programs by the year 2022. Preliminary fiscal estimates of meeting the goal total about \$1.6 billion over 20 years (in 2002 dollars). To the extent this bill results in an increase in per acre easement costs (the cost per acre on small acreage is generally higher than on larger acreage), MALPF would be unable to meet the acreage goal established in 2002 without additional funding.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture, Charles County, Frederick County, Montgomery County, Washington County, Department of Legislative Services

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