

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 98

(Chairman, Environmental Matters Committee)
(By Request – Departmental – Agriculture)

Environmental Matters

Education, Health, and Environmental Affairs

Maryland Agricultural Land Preservation Foundation - Arbitration of Easement Values

This departmental bill establishes a deadline by which the Maryland Agricultural Land Preservation Foundation (MALPF) or a landowner must request an arbitration of a dispute over the value of an easement as determined by the State. A request for arbitration must be made no later than September 30 of the year following the determination of the easement value.

Fiscal Summary

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

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

Small Business Effect: The Maryland Department of Agriculture has determined that this bill will have minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: The value of an easement is determined at the time MALPF is requested to purchase the easement from the landowner. The maximum value of any easement is the asking price or the difference between the fair market value of the land and the agricultural value of the land, whichever is lower. The fair market value, which is determined by the Department of General Services, is the price for the highest and best use of the property. The agricultural value, which is determined by a formula that

measures farm productivity, is the price for the property as a farm unit. If the landowner and MALPF do not agree on the value of the easement, either party may request that the matter be referred for arbitration. There is no deadline for such a request. Except under specified conditions, the value determined by arbitration is binding.

Background: Without a deadline set in statute, landowners can appeal appraisals from a previous year's easement offer cycle. According to MALPF, while some landowners appeal the appraisal because they have a legitimate concern with the appraised value of their property, others use the appeals process to improve their property's ranking in the current offer cycle. According to MALPF, the omission of a deadline was an oversight in the drafting of the original legislation establishing MALPF. The bill is intended to give landowners a reasonable amount of time to be informed of the appraised value and decide if they wish to appeal. At the same time, MALPF will no longer have to defend values set during easement offer cycles that ended several years earlier.

MALPF was created 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. Once a district is established, the landowner is eligible to apply to 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. As of June 30, 2003, MALPF had protected 228,854 acres through the purchase of easements.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture (Maryland Agricultural Land Preservation Foundation), Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2004
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