

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 325 (Senator Klausmeier)
Education, Health, and Environmental Affairs

Agricultural Land Preservation - Termination of Agricultural Districts

This bill authorizes a landowner whose land is within an agricultural district under the Maryland Agricultural Land Preservation Program to terminate the district after at least 30 months and before 5 years have elapsed from the establishment of the district under specified conditions.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: Potential general fund revenue increase from reimbursements. However, while the bill could result in an increase in the number of applications for district establishment and requests for district termination, the bill is not anticipated to have a significant impact on State finances.

Local Effect: Potential local government revenue increase from reimbursements.

Small Business Effect: Minimal.

Analysis

Bill Summary: This authority is provided only if: (1) the Maryland Agricultural Land Preservation Foundation (MALPF) has not purchased an easement on the property; (2) the landowner notifies MALPF of the intent to terminate the district at least 30 days before termination; (3) MALPF has made an offer to purchase the property and the landowner has rejected the offer; (4) the landowner reimburses the State for all appraisals and recording costs associated with any easement processed during the time the property

was subject to a district agreement; and (5) the landowner reimburses the appropriate local jurisdiction for any tax credit received and any interest and penalties that may be assessed as a result of having the property zoned in an agricultural district. A termination is not effective until the landowner has executed and recorded the termination in the land records. The bill applies retroactively to any landowner whose property is established as an agricultural district, regardless of the date of establishment.

Current Law: 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 land is placed within a district, the owner is eligible to sell a development rights easement on that land to MALPF.

At any time after five years from the establishment of a district, a landowner may terminate his property as an agricultural district by notifying MALPF one year in advance of his intention to do so. A landowner can be released from the district agreement before the five-year period has ended only for two reasons: (1) severe economic hardship; or (2) a fundamental change in the use of the land such that it no longer qualifies for the program. In both cases, release must be approved by the county and MALPF's Board of Trustees.

Background: The existing two-stage process of district establishment prior to easement acquisition allows the State to anticipate future demand for easements and allows time for the county and the State to complete the application process, generate necessary funds, and process the easement acquisition. It also: (1) keeps the property "off the market," helping to stabilize the price of easements; (2) helps counties and the State anticipate and plan for future land-use patterns; and (3) helps farmers defend against nuisance suits. Only a handful of landowners request early termination of their districts.

To date, MALPF has approved 3,163 districts, covering 410,149 acres (including easements); the Board of Public Works has approved 1,695 easement offers, covering 235,836 acres.

State Fiscal Effect: The bill provides that one of the conditions for the termination of an agreement is the reimbursement to the State of all appraisal and recording costs associated with the easement. As a result, general funds could increase to the extent that these payments are made. However, the number and amount of any payments that could be made due to agreement terminations cannot be reliably estimated.

Local Fiscal Effect: The bill provides that one of the conditions for the termination of an agreement is the reimbursement to the local jurisdiction of any tax credits received and any interest and penalties that may be assessed as a result of the property being zoned in

an agricultural district. As a result, local government revenues could increase to the extent that these reimbursements are made. However, the number and amount of any payments due to agreement terminations cannot be reliably estimated.

Additional Information

Prior Introductions: A similar bill was introduced as SB 930 in the 2004 session. No action was taken by the Senate Education, Health, and Environmental Affairs Committee.

Cross File: HB 561 (Delegate Weir) – Environmental Matters.

Information Source(s): Maryland Department of Agriculture, Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2005
mam/ljm

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510