

Department of Legislative Services  
 Maryland General Assembly  
 2006 Session

FISCAL AND POLICY NOTE  
 Revised

House Bill 180

(Delegate Jennings, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Department of Agriculture - Maryland Agricultural Land Link Program

This bill establishes a Maryland Agricultural Land Link Program within the Maryland Department of Agriculture (MDA). The stated purpose of the program is to assist older or retiring farmers in the lease or sale of their agricultural land to younger or beginning farmers; keep agricultural land in the State in active agricultural use; and reduce the amount of agricultural land that is lost each year to development.

The bill takes effect July 1, 2007.

Fiscal Summary

**State Effect:** General fund expenditure increase of \$84,000 in FY 2008 for MDA to implement the new program. Future year estimates reflect inflation and ongoing operating expenses. Revenues would not be directly affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	84,000	62,600	66,300	70,200
Net Effect	\$0	(\$84,000)	(\$62,600)	(\$66,300)	(\$70,200)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

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

**Small Business Effect:** Meaningful.

## Analysis

**Bill Summary:** Under the program, if sufficient funds are provided in the annual budget, MDA must: (1) maintain an online database to serve as an electronic bulletin board for the voluntary posting of information regarding agricultural land available for use, lease, or sale and internship, apprenticeship, employment, and business opportunities for farmers; and (2) promote the lease or sale of agricultural land from retiring farmers to beginning farmers.

**Current Law:** The Maryland Agricultural Land Preservation Foundation (MALPF) was established by the Maryland General Assembly in 1977 as part of MDA. MALPF was created to, among other things, protect agricultural land in the State. Although a number of programs within MDA work to keep agricultural land in active agricultural use, the State does not currently have a formal program to link older or retiring farmers with younger or beginning farmers.

**Background:** A number of states (*e.g.*, Connecticut, Iowa, Maine, New Jersey, New York, North Carolina, Pennsylvania, Virginia, and Wisconsin) have “land link” or “farm link” programs that provide resources to new farmers, farmers seeking access to land and farming opportunities, landowners seeking farmers, and farmers working on estate and farm transfer plans in an effort to keep agricultural land in active agricultural use.

Maryland used to have a Farm Link Program; it was one of several responsibilities of one staff member within MDA’s Marketing Program. According to MDA, the program was discontinued due to a lack of resources and the limited services it could provide.

**State Expenditures:** General fund expenditures could increase by an estimated \$84,041 in fiscal 2008, which accounts for the bill’s July 1, 2007 effective date. This estimate reflects the cost of hiring one administrative specialist to administer the Land Link Program within MDA. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses, including travel. The estimate includes costs to develop the online database. The information and assumptions used in calculating the estimate are stated below:

- an informal survey by the Department of Legislative Services conducted in January 2006 revealed that the operating expenses of similar programs in other states range from approximately \$40,000 to \$140,000 annually, depending on the services provided; and
- MDA would establish a minimum viable program.

Salary and Fringe Benefits	\$58,065
Online Database Development	20,000
Equipment/Operating Expenses	<u>5,976</u>
<b>Total FY 2008 State Expenditures</b>	<b>\$84,041</b>

Future year expenditures reflect: (1) 4.6% annual increases in the salary and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

**Small Business Effect:** Most farms are small businesses. According to the 2002 Census of Agriculture, there were 12,198 farms in Maryland covering just over 2 million acres of land. In 2002, the market value of agricultural products sold in Maryland totaled nearly \$1.3 billion. While Maryland farms contribute greatly to the economy, the viability of Maryland agriculture is currently threatened. Decreasing farm profitability and skyrocketing property values in the region are putting farmers under more pressure than ever to sell their farms to developers. The stated purpose of the program established by the bill is to assist in the transfer of farmland to other farmers; keep agricultural land in active agricultural use; and reduce the loss of farmland to development. Accordingly, to the extent the program achieves its stated purpose, it should help maintain the viability of agriculture in the State.

### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture, Commonwealth of Virginia, State of Connecticut, State of Maine, State of New Jersey, State of Wisconsin, New England Land Link, Department of Legislative Services

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