

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 490 (Delegate Stocksdales, *et al.*)
Environmental Matters

Maryland Agricultural Land Preservation Foundation - District Agreement -
Time Requirement

This bill repeals the five-year time requirement that a landowner must agree to in order to be eligible for inclusion into an agricultural preservation district under the Maryland Agricultural Land Preservation Program. Instead, the bill provides that, in the ordinance that establishes a district, the county governing body must establish the length of time required for a district agreement. In addition, the bill provides that the time period of the district agreement must be from 1 to 10 years.

Fiscal Summary

State Effect: The bill's changes could be handled with existing budgeted resources.

Local Effect: Although the bill requires counties to establish the length of time required for a district agreement, any impact on local operations would be minimal. County property tax revenues could increase or decrease if a county chooses to modify the number of years required of district agreements as a result of the bill.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: The Maryland Agricultural Land Preservation Foundation (MALPF) was created by the Maryland General Assembly in 1977 to preserve productive agricultural land and woodland. Agricultural preservation districts are formed when qualifying landowners sign voluntary agreements to keep their land in agricultural or woodland use for at least five years. 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. As of June 30, 2005, MALPF had protected approximately 242,822 acres through the purchase of 1,757 easements.

MALPF advises that some believe that the existing five-year requirement is an impediment to program participation, especially during years of limited MALPF funding.

Local Revenues: Because some counties offer property tax credits for land within agricultural preservation districts, property tax revenues could be affected to the extent a county chooses to increase or decrease the length of time required for a district agreement. Although a reliable estimate of any such impact cannot be made at this time, based on information provided by MALPF, the overall impact would likely be a decrease in the number of years required for district agreements, resulting in an increase in program participation and a decrease in property tax revenues.

Small Business Effect: Most farms are small businesses. This bill has the potential to modify the incentive structure for landowners entering agricultural districts and applying to sell easements to MALPF. While counties could increase or decrease the number of years required for district agreements under the bill, based on information provided by MALPF, the most likely result would be an overall decrease. Any reduction in the number of years required for district agreements could encourage additional farmers to enter into the program.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture (Maryland Agricultural Land Preservation Foundation), Maryland Department of Planning, Anne Arundel County, Garrett County, Montgomery County, Department of Legislative Services

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mam/ljm

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