

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 1566  
Ways and Means

(Harford County Delegation)

Budget and Taxation

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Harford County - Property Tax Credit - Family Farms - Child Lot Exclusions

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This bill authorizes Harford County to grant a property tax credit for specified real property that is adjacent to a family farm and owned by a child of the family farm owner if the child continues to help operate the family farm.

The bill takes effect June 1, 2006 and is applicable to taxable years beginning after June 30, 2006.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Harford County property tax revenues could decrease by \$6,000 annually beginning in FY 2007. No effect on county expenditures.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** Specifically, the property tax credit may be granted to real property: (1) that is adjacent to property that is operated as a family farm and located in the Harford County Agricultural District or is subject to an agricultural preservation easement that has been conveyed to Harford County or to the Maryland Agricultural Land Preservation Foundation (MALPF); (2) that was subdivided from the adjacent property, withdrawn from the agricultural district or agricultural easement, and conveyed to a child of the owner of the adjacent property under a child lot exclusion to build a home on the

property; and (3) the owner of which is a child of the owner of the adjacent property and continues to help operate the adjacent property as a family farm.

**Current Law:** Harford County is authorized to grant, by law, property tax credits against the county property tax imposed on the following:

- real property owned by any incorporated community association that is used as a public park, playground, or picnic area;
- property owned by the Habonim Camp Association Company;
- property owned by the Maryland Ornithological Society;
- real property owned by the North Harford Game and Fish Association that is located on Wheeler School Road;
- real property owned by the trustees of the Ladew Topiary Gardens that is located on Jarrettsville Pike;
- real property used primarily for an agricultural purpose and does not have an agricultural use assessment;
- real property used primarily for amateur sports events and is owned by the Havre de Grace Little League;
- real property located in an agricultural district or becomes subject to an agricultural preservation easement that has been conveyed to the Maryland Agricultural Land Preservation Foundation;
- real property owned by a Harford County volunteer fire or ambulance company, held for the future use as a station or substation site, as approved by the Harford County Volunteer Fire and Ambulance Association in their five-year plan; and is not currently exempt;
- owner-occupied residential real property that was completed on or before June 30, 1988, whose structural boundaries are within 500 feet of a refuse disposal system for which an active permit has been issued to the Harford County government, and is determined by the governing body of Harford County to have been adversely impacted by its proximity to the refuse disposal system;
- real property, only after July 1, 1993, located in the Harford County Agricultural District in accordance with the Harford County Agricultural Land Preservation Program under Chapter 60 of the Harford County Code, or becomes subject to an agricultural preservation easement that has been conveyed to Harford County in accordance with the Harford County Agricultural Land Preservation Program, under Chapter 60 of the Harford County Code;
- specified real property that is new construction or a substantial improvement to the real property of a commercial or industrial business that is or will be doing

business in Harford County and will employ at least 12 additional full-time local employees by the second year the credit is allowed; and

- specified real property that is located in a Rural Legacy Area and for which the property owner has sold the development rights under the Rural Legacy Program.

**Background:** Exhibit 1 shows the number of farms and acres under various land preservation programs in Harford County.

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**Exhibit 1**  
**Land Preservation Acreage in Harford County**

<u>Program</u>	<u>Farms</u>	<u>Acreage</u>
Harford County Agricultural Districts	9	1,572
MALPF easements	107	12,010
MALPF Agricultural Districts	22	2,086
Rural Legacy	23	1,542
Maryland Environmental Trust	26	2,908
<b>Total</b>	<b>187</b>	<b>20,118</b>

Source: State Department of Assessments and Taxation; Harford County

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**Local Fiscal Effect:** Harford County currently grants a property tax credit to property subject to county and MALPF agricultural easements or property located in county or MALPF agricultural districts. Land under easement is eligible for a 100% property tax credit and land located in agricultural districts is eligible for a 50% property tax credit. The property tax credit is equal to the lesser of the county property tax imposed or \$35 per acre.

Harford County indicates that it would grant the same property tax credit (\$35 per acre) to property that is subdivided and meets the requirements of the bill. The county has determined that 172 acres could be eligible for the property tax credit. As a result, county property tax revenues could decrease by \$6,020 (172 acres x \$35 credit per acre). To the extent that more acreage becomes eligible for the property tax credit, county property tax revenue would decrease accordingly.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Department of Assessments and Taxation, Harford County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 21, 2006  
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