

Department of Legislative Services

Maryland General Assembly

2007 Session

FISCAL AND POLICY NOTE

Revised

House Bill 1041

(Delegate Rudolph)

Environmental Matters

Education, Health, and Environmental Affairs

Maryland Agricultural Land Preservation Fund - Foundation Grants

This bill authorizes the Maryland Agricultural Land Preservation Foundation (MALPF) to provide grants to counties to facilitate (1) the Critical Farms Program, subject to conditions jointly agreed upon by MALPF and the county; (2) the purchase of easements under a county installment purchase agreement (IPA) program approved by MALPF; and (3) the payment of the debt service on county-issued bonds for the purpose of purchasing MALPF easements, subject to conditions jointly agreed upon by MALPF and the county. The bill also repeals the authority to provide grants to the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) for facilitating the purchase of easements under the Critical Farms Program. Finally, the bill establishes limits on the use of grants and the use of funds from the sale of tax-exempt general obligation bonds.

Fiscal Summary

State Effect: Total MALPF finances would not be affected. The bill provides explicit authority for MALPF to use the Maryland Agricultural Land Preservation Fund for specific programs already authorized in statute. The bill also authorizes MALPF to provide grants to counties for the payment of debt service on county-issued bonds used to purchase MALPF easements. Any grants would come from existing special funds.

Local Effect: Individual counties could benefit to the extent they receive grants under the bill. However, the total amount of funding provided to counties would not be affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Grants provided by MALPF may not be used to fund county land preservation programs or pledged to secure county-issued bonds. Money in the Maryland Agricultural Land Preservation Fund from the sale of tax-exempt general obligation bonds may not be used to purchase easements under the Critical Farms Program or for the payment of the debt service on county-issued bonds.

Current Law: Current law directs MALPF and the Maryland Department of Planning (MDP) to establish a Critical Farms Program to provide interim or emergency financing for the acquisition of agricultural preservation easements on critical farms that would otherwise be sold for nonagricultural uses. Current law also authorizes MALPF to settle on an easement with a landowner using an IPA for a period of up to 15 years, and to provide grants to counties who have approved local IPA programs to settle on an easement with a landowner through the local IPA program.

Although MALPF has authorization to implement these programs, explicit statutory authority does not exist for MALPF to use the Maryland Agricultural Land Preservation Fund for such purposes. Under current law, the fund may only be used for costs associated with MALPF staffing and administration, for reasonable expenses incurred by members of the MALPF board, and for consideration in the purchase of agricultural land preservation easements. MALPF is also authorized to provide grants to MARBIDCO to facilitate the purchase of easements; MARBIDCO may only use such grants for expenses related to facilitating the purchase of easements under the Critical Farms or IPA programs or the Next Generation Farmland Acquisition Program. Money in the fund from the sale of tax-exempt general obligation bonds may not be used to purchase easements under an IPA or a schedule of installments financed with certificates of deposit.

Background: 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 a specified number of 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, 2006, MALPF had protected approximately 250,370 acres through the purchase of 1,816 easements.

In 2002, the General Assembly passed a resolution that set a goal for the State to preserve three times the existing number of acres of productive agricultural land by the year 2022 under MALPF, GreenPrint, Rural Legacy, and local land preservation programs. That goal equated to just over 1 million acres. As of the end of fiscal 2006, approximately 450,000 acres of farmland had been protected under these various programs.

Small Business Effect: Although MALPF advises that both the IPA Program and the Critical Farms Program still need dedicated funding to be fully implemented, this bill would enable MALPF to work with its county partners to draw on their existing MALPF allocations to fully fund the county IPA grants program and to immediately fund the Critical Farms Program. This would enable easements to be purchased on certain critically important farms, providing an economic benefit to the farm owner and enabling the property to remain in agricultural use. In addition, by providing grants to counties for the payment of debt service on county-issued bonds, counties may be able to purchase more easements now before development takes place and potentially, at a lower price than they would be in the future. This could result in the preservation of more farms overall.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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