

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1353

(Chair, Environmental Matters Committee)
(By Request – Departmental – Agriculture)

Environmental Matters

Maryland Agricultural Land Preservation Fund

This departmental bill authorizes the Maryland Agricultural Land Preservation Fund to be used to: (1) secure easements through a Critical Farms Program, subject to the Maryland Agricultural Land Preservation Foundation's (MALPF) approval; (2) purchase easements with an installment purchase agreement (IPA), subject to MALPF's approval; and (3) make grants to counties with IPA programs approved by MALPF to purchase easements using IPAs. The bill also prohibits money in the fund from the sale of tax-exempt general obligation bonds from being used to purchase easements under a Critical Farms Program.

Fiscal Summary

State Effect: Total MALPF finances would not be affected. The bill merely provides explicit authority for MALPF to use the Maryland Agricultural Land Preservation Fund for specific programs already authorized in statute. Any use of funds for such purposes would simply come from existing special funds. The bill's changes could be handled with existing budgeted resources.

Local Effect: The bill's changes could be handled with existing local resources. The total amount of funding provided to local governments would not be affected.

Small Business Effect: The Maryland Department of Agriculture (MDA) has determined that this bill has a meaningful impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

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 the Maryland Agricultural and Resource-Based Industry Development Corporation (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: MDA and MDP submitted a report to the Governor and the General Assembly in February 2007 that recommended the establishment of a Critical Farms Revolving Account in order to provide long-term funding support for the Critical Farms Program. MDA also advises that it will be submitting a report regarding long-term funding support for the IPA Program. In the meantime, being able to tap into existing allocations would allow these programs to be implemented until dedicated funding sources are established. Further, once dedicated funding sources have been established, being able to tap into existing funding allocations would continue to provide more flexibility to counties in setting their acquisition priorities.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 15, 2007
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