

# SENATE BILL 662

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8lr1823

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By: **Senator Middleton**

Introduced and read first time: February 1, 2008

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Agricultural Land Transfer Tax – Rates and Distribution of Revenue**

3 FOR the purpose of altering certain agricultural land transfer tax rates; altering the  
4 distribution of certain revenues attributable to the agricultural land transfer  
5 tax; altering the distribution of the State transfer tax revenues under certain  
6 circumstances; providing that the Maryland Agricultural and Resource–Based  
7 Industry Development Corporation may use a certain percentage of certain  
8 funds for certain administrative costs; and generally relating to the agricultural  
9 land transfer tax.

10 BY repealing and reenacting, with amendments,

11 Article – Tax – Property  
12 Section 13–303(a) and 13–306(a)  
13 Annotated Code of Maryland  
14 (2007 Replacement Volume)

15 BY repealing and reenacting, without amendments,

16 Article – Tax – Property  
17 Section 13–306(b)  
18 Annotated Code of Maryland  
19 (2007 Replacement Volume)

20 BY repealing and reenacting, with amendments,

21 Article 41 – Governor – Executive and Administrative Departments  
22 Section 13–513(c)  
23 Annotated Code of Maryland  
24 (2003 Replacement Volume and 2007 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
26 MARYLAND, That the Laws of Maryland read as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



**Article – Tax – Property**

13–303.

(a) The agricultural land transfer tax applies at the following rates:

(1) for a transfer of 20 acres or more of agricultural land, ~~[5%]~~ **10%**;

(2) except as provided in item (3) of this subsection, for a transfer of less than 20 acres of agricultural land assessed for agricultural use or as unimproved agricultural land, ~~[4%]~~ **8%**; or

(3) for a transfer of less than 20 acres of agricultural land assessed as improved agricultural land or agricultural land with site improvements, ~~[3%]~~ **6%**.

13–306.

(a) (1) Except in Montgomery County and except as provided in subsection (b)(1) of this section for a certified county, each county collector shall remit from a special account to the Comptroller, as the Comptroller specifies:

(i) the revenue from the agricultural transfer tax that is attributable to the taxation of instruments of writing that transfer title to parcels of land that are entirely woodland; and

(ii) two-thirds of the balance of revenue from the agricultural land transfer tax that remains after the remittance under item (i) of this paragraph.

(2) In Montgomery County, if § 52–21(d) (1979) of the Montgomery County Code is in effect or a transfer tax substantially similar to that provision is in effect, the collector for Montgomery County shall remit to the Comptroller:

(i) the revenue from the agricultural transfer tax that is attributable to the taxation of instruments of writing that transfer title to parcels of land that are entirely woodland; and

(ii) one-third of the balance of revenue from the agricultural transfer tax that remains after the remittance under item (i) of this paragraph.

(3) The Comptroller shall deposit:

(i) up to \$200,000 annually of the revenue remitted under paragraphs (1)(i) and (2)(i) of this subsection or subsection (b) of this section into the Woodland Incentives Fund established in § 5–307 of the Natural Resources Article; and

1 (ii) OF the revenue in excess of \$200,000 annually remitted  
2 under paragraphs (1)(i) and (2)(i) of this subsection or subsection (b)(1) of this section  
3 and the revenue remitted under paragraphs (1)(ii) and (2)(ii) of this subsection or  
4 subsection (b)(2) of this section:

5 1. **\$2,500,000** into the Maryland Agricultural Land  
6 Preservation Fund to be used for the purposes stated in § 2-505 of the Agriculture  
7 Article;

8 2. **AFTER THE DISTRIBUTION MADE UNDER ITEM 1**  
9 **OF THIS ITEM, \$4,000,000 INTO A SPECIAL FUND TO BE USED BY THE**  
10 **MARYLAND AGRICULTURAL AND RESOURCE-BASED INDUSTRY DEVELOPMENT**  
11 **CORPORATION FOR AN INSTALLMENT PURCHASE AGREEMENT PROGRAM FOR**  
12 **PRESERVATION EASEMENT ACQUISITION;**

13 3. **AFTER THE DISTRIBUTIONS MADE UNDER ITEMS 1**  
14 **AND 2 OF THIS ITEM, \$4,000,000 INTO A SPECIAL FUND TO BE USED BY THE**  
15 **MARYLAND AGRICULTURAL AND RESOURCE-BASED INDUSTRY DEVELOPMENT**  
16 **CORPORATION FOR THE NEXT GENERATION FARMLAND ACQUISITION**  
17 **PROGRAM;**

18 4. **AFTER THE DISTRIBUTIONS MADE UNDER ITEMS 1**  
19 **THROUGH 3 OF THIS ITEM, \$4,000,000 INTO THE MARYLAND AGRICULTURAL**  
20 **LAND PRESERVATION FUND TO BE USED FOR THE CRITICAL FARMS PROGRAM**  
21 **UNTIL A TOTAL OF \$16,000,000 HAS ACCUMULATED IN THE CRITICAL FARMS**  
22 **FUND; AND**

23 5. **AFTER THE DISTRIBUTIONS MADE UNDER ITEMS 1**  
24 **THROUGH 4 OF THIS ITEM, THE REMAINDER INTO THE MARYLAND**  
25 **AGRICULTURAL LAND PRESERVATION FUND TO BE USED FOR THE PURPOSES**  
26 **STATED IN § 2-505 OF THE AGRICULTURE ARTICLE.**

27 (4) (I) **NOTWITHSTANDING § 13-209 OF THIS TITLE, IF**  
28 **SUFFICIENT REVENUES ARE NOT COLLECTED IN ANY FISCAL YEAR TO PROVIDE**  
29 **A TOTAL OF \$4,000,000 INTO THE SPECIAL FUND ESTABLISHED UNDER**  
30 **PARAGRAPH (3)(II)2 OF THIS SUBSECTION, ANY DEFICIENCY SHALL BE MADE UP**  
31 **BY REVENUES COLLECTED FROM THE TRANSFER TAX IMPOSED UNDER**  
32 **SUBTITLE 2 OF THIS TITLE.**

33 (II) **THE DISTRIBUTION REQUIRED UNDER SUBPARAGRAPH**  
34 **(I) OF THIS PARAGRAPH SHALL BE MADE PRIOR TO ANY DISTRIBUTION**  
35 **PROVIDED IN § 13-209 OF THIS TITLE.**

36 (b) If a county is certified by the Department of Planning and the Maryland  
37 Agricultural Land Preservation Foundation under § 5-408 of the State Finance and

1 Procurement Article as having established an effective county agricultural land  
2 preservation program, the collector for the county shall remit to the Comptroller:

3 (1) the revenue from the agricultural land transfer tax that is  
4 attributable to the taxation of instruments of writing that transfer title to parcels of  
5 land that are entirely woodland; and

6 (2) 25% of the balance of revenue from the agricultural land transfer  
7 tax that remains after the remittance under item (1) of this subsection.

## 8 **Article 41 – Governor – Executive and Administrative Departments**

9 13–513.

10 (c) (1) The Corporation may receive annual funding through an  
11 appropriation in the State budget.

12 (2) The Corporation may also receive funds for projects included in the  
13 budgets of State units.

14 (3) All unexpended and unencumbered funds appropriated to the  
15 Corporation shall remain with the Corporation for future uses.

16 (4) The Corporation shall conduct its financial affairs in such a  
17 manner that, by the year 2020, it shall be self-sufficient and in no further need of  
18 general operating support by the State.

19 (5) (i) In order to assist the Corporation in meeting the  
20 requirement specified in paragraph (4) of this subsection, the Governor shall include  
21 each year in the budget bill an appropriation to the Corporation for rural business  
22 development and assistance as follows:

23 1. For fiscal year 2008, \$3,000,000;

24 2. For fiscal year 2009, \$3,500,000; and

25 3. For each of fiscal years 2010 through 2020,  
26 \$4,000,000.

27 (ii) In addition to any funds provided under subparagraph (i) of  
28 this paragraph, the Governor may include each year in the budget bill an  
29 appropriation to the Corporation in an amount up to \$5,000,000 for rural land  
30 acquisition and easement programs, including programs to assist young and beginning  
31 farmers.

32 **(6) (I) THE CORPORATION MAY USE UP TO 3% OF THE FUNDS**  
33 **RECEIVED UNDER § 13–306(A)(3)(II)2 OF THE TAX – GENERAL ARTICLE FOR**

1 ADMINISTRATIVE COSTS ASSOCIATED WITH AN INSTALLMENT PURCHASE  
2 AGREEMENT PROGRAM.

3 (II) THE CORPORATION MAY USE UP TO 3% OF THE FUNDS  
4 RECEIVED UNDER § 13-306(A)(3)(II)3 OF THE TAX - GENERAL ARTICLE FOR  
5 ADMINISTRATIVE COSTS ASSOCIATED WITH THE NEXT GENERATION FARMLAND  
6 ACQUISITION PROGRAM.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 July 1, 2008.