

# SENATE BILL 662

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By: ~~Senator Middleton~~ **Senators Middleton, Currie, Kasemeyer, McFadden, DeGrange, Jones, Madaleno, Kramer, Brinkley, Munson, Peters, Robey, King, Edwards, and Zirkin**

Introduced and read first time: February 1, 2008

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 22, 2008

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Agricultural Land Transfer Tax - ~~Rates~~ Surcharge and Distribution of**  
3 **Revenue**

4 FOR the purpose of ~~altering certain agricultural land transfer tax rates;~~ imposing a  
5 certain surcharge under certain circumstances in addition to the agricultural  
6 land transfer tax imposed on certain instruments of writing; altering the  
7 distribution of certain revenues attributable to the agricultural land transfer  
8 tax; altering the distribution of the State transfer tax revenues under certain  
9 circumstances; providing that the Maryland Agricultural and Resource-Based  
10 Industry Development Corporation may use a certain percentage of certain  
11 funds for certain administrative costs; declaring the intent of the General  
12 Assembly that certain counties be encouraged to establish Priority Preservation  
13 Areas for agricultural land preservation as authorized under a certain act and  
14 that new funds that may be provided to the Maryland Agricultural Land  
15 Preservation Foundation for preservation easement acquisition under a Critical  
16 Farm Program be used only in Priority Preservation Areas on or after a certain  
17 date; providing for the effective date of certain provisions of this Act; providing  
18 for the termination of certain provisions of this Act; and generally relating to  
19 the agricultural land transfer tax.

20 BY repealing and reenacting, with amendments,  
21 Article – Tax – Property  
22 Section ~~13-303(a)~~ 13-301(c) and 13-306(a) and (b)  
23 Annotated Code of Maryland

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2007 Replacement Volume)

2 BY adding to

3 Article – Tax – Property

4 Section 13–303(d)

5 Annotated Code of Maryland

6 (2007 Replacement Volume)

7 ~~BY repealing and reenacting, without amendments,~~

8 ~~Article – Tax – Property~~

9 ~~Section 13–306(b)~~

10 ~~Annotated Code of Maryland~~

11 ~~(2007 Replacement Volume)~~

12 BY repealing and reenacting, with amendments,

13 Article 41 – Governor – Executive and Administrative Departments

14 Section 13–513(c)

15 Annotated Code of Maryland

16 (2003 Replacement Volume and 2007 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – Economic Development

19 Section 10–523

20 Annotated Code of Maryland

21 (As enacted by Chapter \_\_\_\_ (H.B. 1050) of the Acts of the General Assembly of

22 2008)

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

25 **Article – Tax – Property**

26 13–301.

27 (c) **(1)** “Agricultural land transfer tax” means the tax imposed under this  
28 subtitle.

29 **(2)** “**AGRICULTURAL LAND TRANSFER TAX**” INCLUDES THE  
30 **SURCHARGE IMPOSED UNDER § 13–301(D) OF THIS SUBTITLE.**

31 13–303.

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

33 ~~(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%.~~

**(D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, IN ADDITION TO THE TAX IMPOSED UNDER THIS SECTION, A SURCHARGE IN AN AMOUNT EQUAL TO 25% OF THE TAX DETERMINED UNDER SUBSECTIONS (A) THROUGH (C) OF THIS SECTION IS IMPOSED ON AN INSTRUMENT OF WRITING THAT TRANSFERS TITLE TO AGRICULTURAL LAND.**

**(2) THE SURCHARGE IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO AN INSTRUMENT OF WRITING THAT TRANSFERS PROPERTY OF 2 ACRES OR LESS TO BE IMPROVED TO A CHILD OR GRANDCHILD OF THE OWNER.**

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:

**1.** 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**

**2.** **THE SURCHARGE IMPOSED UNDER § 13-303(D) OF THIS SUBTITLE;** 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:

**1.** 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**



1 **LAND PRESERVATION FUND TO BE USED FOR THE CRITICAL FARMS PROGRAM**  
 2 **UNTIL A TOTAL OF \$16,000,000 HAS ACCUMULATED IN THE CRITICAL FARMS**  
 3 **FUND; AND**

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

8 (4) (I) **NOTWITHSTANDING § 13-209 OF THIS TITLE, IF**  
 9 **SUFFICIENT REVENUES ARE NOT COLLECTED IN ANY FISCAL YEAR TO PROVIDE**  
 10 **A TOTAL OF \$4,000,000 INTO THE SPECIAL FUND ESTABLISHED UNDER**  
 11 **PARAGRAPH ~~(3)(I)2~~ (3)(II)3 OF THIS SUBSECTION, ANY DEFICIENCY SHALL BE**  
 12 **MADE UP BY REVENUES ~~COLLECTED~~ OTHERWISE REQUIRED TO BE**  
 13 **DISTRIBUTED TO THE MARYLAND AGRICULTURAL LAND PRESERVATION FUND**  
 14 **FROM THE TRANSFER TAX IMPOSED UNDER SUBTITLE 2 OF THIS TITLE.**

15 (II) **THE DISTRIBUTION REQUIRED UNDER SUBPARAGRAPH**  
 16 **(I) OF THIS PARAGRAPH SHALL BE MADE PRIOR TO ANY DISTRIBUTION**  
 17 **PROVIDED IN ~~§ 13-209~~ § 13-209(D)(2) OF THIS TITLE.**

18 (5) **FOR EACH FISCAL YEAR AFTER 2010, THE AMOUNT**  
 19 **DISTRIBUTED INTO THE MARYLAND AGRICULTURAL LAND PRESERVATION**  
 20 **FUND UNDER PARAGRAPH (3)(II)1 OF THIS SUBSECTION SHALL BE INCREASED**  
 21 **BY 5% OVER THE AMOUNT DISTRIBUTED FOR THE PRECEDING FISCAL YEAR.**

22 (6) **THE REVENUES REQUIRED TO BE DISTRIBUTED TO THE**  
 23 **MARYLAND AGRICULTURAL AND RESOURCE-BASED INDUSTRY DEVELOPMENT**  
 24 **CORPORATION UNDER PARAGRAPHS (3) AND (4) OF THIS SUBSECTION SHALL**  
 25 **BE DISTRIBUTED ON A QUARTERLY BASIS ON OR ABOUT THE FIRST DAY OF THE**  
 26 **MONTH IN JULY, OCTOBER, JANUARY, AND APRIL.**

27 (b) If a county is certified by the Department of Planning and the Maryland  
 28 Agricultural Land Preservation Foundation under § 5-408 of the State Finance and  
 29 Procurement Article as having established an effective county agricultural land  
 30 preservation program, the collector for the county shall remit to the Comptroller:

31 (1) the revenue from:

32 (I) the agricultural land transfer tax that is attributable to the  
 33 taxation of instruments of writing that transfer title to parcels of land that are  
 34 entirely woodland; **AND**

35 (II) **THE SURCHARGE IMPOSED UNDER § 13-303(D) OF THIS**  
 36 **SUBTITLE; and**

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

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
4 read as follows:

5 **Article 41 – Governor – Executive and Administrative Departments**

6 13–513.

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

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

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

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

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

- 20 1. For fiscal year 2008, \$3,000,000;
- 21 2. For fiscal year 2009, \$3,500,000; and
- 22 3. For each of fiscal years 2010 through 2020,  
23 \$4,000,000.

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

29 **(6) (I) THE CORPORATION MAY USE UP TO 3% OF THE FUNDS**  
30 **RECEIVED UNDER ~~§ 13-306(A)(3)(II)2~~ § 13-306(A)(3)(II)3 OF THE TAX –**  
31 **~~GENERAL PROPERTY~~ ARTICLE FOR ADMINISTRATIVE COSTS ASSOCIATED WITH**  
32 **AN INSTALLMENT PURCHASE AGREEMENT PROGRAM.**

1                   (II) **THE CORPORATION MAY USE UP TO 3% OF THE FUNDS**  
 2 **RECEIVED UNDER ~~§ 13-306(A)(3)(II)3~~ § 13-306(A)(3)(II)2 OF THE TAX -**  
 3 **~~GENERAL~~ PROPERTY ARTICLE FOR ADMINISTRATIVE COSTS ASSOCIATED WITH**  
 4 **THE NEXT GENERATION FARMLAND ACQUISITION PROGRAM.**

5           SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 6 read as follows:

7                                   **Article - Economic Development**

8           10-523.

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

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

13                   (3) (i) To assist the Corporation in complying with subsection (c) of  
 14 this section, the Governor shall include each year in the State budget bill an  
 15 appropriation to the Corporation for rural business development and assistance for  
 16 each of fiscal years 2010 through 2020 in the amount of \$4,000,000.

17                   (ii) In addition to any money provided under subparagraph (i) of  
 18 this paragraph, the Governor may include each year in the State budget bill an  
 19 appropriation to the Corporation in an amount not exceeding \$5,000,000 for rural land  
 20 acquisition and easement programs, including programs to assist young and beginning  
 21 farmers.

22           (b) All unexpended and unencumbered money appropriated to the  
 23 Corporation shall remain with the Corporation for future use.

24           (c) The Corporation shall conduct its financial affairs so that, by the year  
 25 2020, it is self-sufficient and in no further need of general operating support by the  
 26 State.

27           (D) (1) **THE CORPORATION MAY USE UP TO 3% OF THE MONEY**  
 28 **RECEIVED UNDER § 13-306(A)(3)(II)2 OF THE TAX - PROPERTY ARTICLE FOR**  
 29 **ADMINISTRATIVE COSTS ASSOCIATED WITH THE NEXT GENERATION FARMLAND**  
 30 **ACQUISITION PROGRAM.**

31           (2) **THE CORPORATION MAY USE UP TO 3% OF THE MONEY**  
 32 **RECEIVED UNDER § 13-306(A)(3)(II)3 OF THE TAX - PROPERTY ARTICLE FOR**  
 33 **ADMINISTRATIVE COSTS ASSOCIATED WITH AN INSTALLMENT PURCHASE**  
 34 **AGREEMENT PROGRAM.**

1            SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That it is the intent of the  
 2 General Assembly that:

3            (1) counties be encouraged to establish Priority Preservation Areas for  
 4 agricultural land preservation as authorized under Chapter 289 of the Acts of the  
 5 General Assembly of 2006 (the Agricultural Stewardship Act); and

6            (2) subject to § 13–306 of the Tax – Property Article and § 5–408 of the  
 7 State Finance and Procurement Article, new funds that may be provided to the  
 8 Maryland Agricultural Land Preservation Foundation for preservation easement  
 9 acquisition under a Critical Farm Program be used only in Priority Preservation Areas  
 10 on or after July 1, 2010.

11            SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall  
 12 take effect on the taking effect of Chapter \_\_\_\_\_ (H.B. 1050) of the Acts of the General  
 13 Assembly of 2008. If Section 3 of this Act takes effect, Section 2 of this Act shall be  
 14 abrogated and of no further force and effect.

15            SECTION ~~2~~ ~~3~~ 6. AND BE IT FURTHER ENACTED, That, subject to the  
 16 provisions of Section 5 of this Act, this Act shall take effect July 1, 2008.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.