

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 915

(Senator Middleton, *et al.*)

Education, Health, and Environmental Affairs

Environmental Matters

**Task Force on the Future Conservation of Maryland's Open Space and
Farmland**

This bill establishes a Task Force on the Future Conservation of Maryland's Open Space and Farmland, staffed by the departments of Agriculture, Natural Resources, Planning, and Budget and Management. The task force must • evaluate, determine, and project the impact that demographic changes have had and may have on land conversions; • evaluate whether the State has adequate human resource funding capacity within its land preservation programs to accommodate potentially extensive land ownership transfers and land conversions; • evaluate whether the State should allow a local government to use Program Open Space funds for specified purposes under specified conditions; and • determine various financing mechanisms and potential resources for land acquisition in the future. A reporting requirement is established.

The bill terminates September 30, 2009.

Fiscal Summary

State Effect: The affected State agencies currently anticipate being able to absorb any expense reimbursements for task force members and staffing costs within existing budgeted resources. However, Legislative Services advises that depending on the scope of the task force's research, it could result in an increase in State expenditures.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background:

Joint Subcommittee on Program Open Space and Agricultural Land Preservation

The items identified for study by the proposed task force are items that were raised in the October 10, 2007 briefing of the Joint Subcommittee on Program Open Space and Agricultural Land Preservation. Specifically, the joint subcommittee expressed concerns about the potential impact of an aging baby boom generation on Maryland's farmland and open space. The affected agencies were requested to report back to the joint subcommittee on this issue.

A follow-up briefing was held on March 10, 2008. At the briefing, DNR, MDA, and MDP indicated that they reviewed existing data and anecdotal information in an effort to conduct an initial analysis. The agencies concluded that while the population is aging, the evidence of an impending increase in the sale and development of farmland and open space is not clear from the limited data available. The agencies recommended that additional research be conducted and that the key agricultural preservation and land conservation agencies, groups, and partners work collaboratively to address the impact of an aging rural population on land conservation.

Land Conservation Funding

The State transfer tax funds several programs in DNR and MDA. A portion of State transfer tax revenues (3%) is earmarked to defray administrative costs within DNR, MDP, and the Department of General Services. The remainder of the revenue is dedicated to various programs including POS, the Maryland Agricultural Land Preservation Foundation, Rural Legacy, and the Heritage Conservation Fund. **Exhibit 1** shows the normal distribution of State transfer tax revenues after administrative costs are deducted.

Exhibit 1
Distribution of State Transfer Tax Revenues

POS	75.15%
POS Land Acquisition	1.00%
MALPF	17.05%
Rural Legacy	5.00%
Heritage Conservation Fund	<u>1.80%</u>
Total	100.0%

After experiencing a significant surge, transfer tax revenues have declined considerably over the past two years. The fiscal 2009 allowance allocates the full \$166.3 million of estimated transfer tax revenues to programs as required in statute; however, the final amount of transfer tax available for fiscal 2009 is only \$109.4 million due to the budgeting of a \$52.0 million fiscal 2007 revenue underattainment.

In addition to having less revenue for programs overall, a greater portion of transfer tax revenues will be redirected from DNR capital programs to park service operations in fiscal 2009, in accordance with Chapter 2 of the 2007 special session.

Transfer tax revenue estimates have been adjusted downward over the past year. However, revenues are expected to experience modest growth in fiscal 2010 through 2013, as shown in **Exhibit 2**.

Exhibit 2
State Transfer Tax Revenue Projections
Fiscal 2008-2013
(\$ in Millions)

<u>Fiscal Year</u>	<u>December 2006 Estimate</u>	<u>December 2007 Estimate*</u>
2008	\$188.6	\$165.1
2009	190.3	166.3
2010	194.9	181.4
2011	199.0	184.0
2012	204.8	187.5
2013	n/a	191.5

*Reflects Chapter 3 of the 2007 special session, which imposed taxes on the transfer of controlling interest.

Source: Comptroller's Office

POS

POS, established in 1969 and administered by DNR, provides funds for State and local acquisition and development of public outdoor recreational sites, facilities, and open space. The State share focuses on the acquisition of land for natural resource conservation with the inclusion of low-impact recreational activities where appropriate. The local share is used primarily for the acquisition and development of high-impact recreational sites and facilities. As of January 16, 2008, the State share had preserved 258,667 acres, and the local share had preserved 39,531 acres.

Rural Legacy

The purpose of the Rural Legacy Program, established in 1997 and administered by DNR, is to supplement State land preservation programs in order to preserve key areas before escalating land values render protection impossible or before the land is lost to development. In addition to funding from the State transfer tax, the program typically also receives funding from general obligation bonds. The program provides funding to local governments and conservation organizations to purchase property and conservation easements within designated Rural Legacy Areas. As of October 9, 2007, the program had protected 57,399 acres of land.

MALPF

MALPF, which was established in 1977 and is part of MDA, purchases agricultural preservation easements that forever restrict development on prime farmland and woodland. In addition to funding from the State transfer tax, MALPF also receives funding from the agricultural land transfer tax, local matching funds, and the Federal Farmland Protection Program. Through fiscal 2007, MALPF had cumulatively purchased or had a pending contract to purchase permanent conservation easements on 1,933 farms covering 265,691 acres.

State Goal to Preserve Agricultural Land

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 one million acres. As of January 1, 2008, approximately 500,000 acres of farmland had been protected under these various programs.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Maryland Department of Agriculture, Maryland Department of Planning, Department of Budget and Management, Comptroller's Office, Department of Legislative Services

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