

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE

Senate Bill 95 (Chair, Education, Health, and Environmental Affairs
 Committee)(By Request - Departmental - Agriculture)
 Education, Health, and Environmental Affairs Environmental Matters

**Maryland Agricultural Land Preservation Foundation - Farmland Preservation
 Partnership Program**

This departmental bill authorizes the Maryland Agricultural Land Preservation Foundation (MALPF) to establish a Farmland Preservation Partnership Program to preserve productive agricultural and forested lands. MALPF may form partnerships with public and private entities for the purpose of purchasing agricultural preservation easements on qualifying farms; however, the partners must cover the full purchase price, which may include administrative costs in specified circumstances. Farmland Preservation Partnership Program easements are not subject to MALPF’s ranking, valuation, or development restrictions, except as determined by MALPF’s Board of Trustees. MALPF’s annual report due date is changed from November 1 to January 15.

Fiscal Summary

State Effect: MALPF special/federal fund expenditures increase by \$31,300 in FY 2011 for a part-time contractual position. Future year expenditures reflect annualization, inflation, and transition to a full-time regular position in FY 2013. Potential increase in special and federal fund revenues in FY 2011 and thereafter due to contributions from partners.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
SF/FF Rev.	-	-	-	-	-
SF/FF Exp.	\$31,300	\$35,600	\$95,900	\$100,200	\$104,700
Net Effect	(\$31,300)	(\$35,600)	(\$95,900)	(\$100,200)	(\$104,700)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: The bill may result in an increase in workload for local agricultural land preservation staff to secure county approval for proposed easements and monitor easements that are acquired.

Small Business Effect: The Maryland Department of Agriculture (MDA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: MALPF must develop criteria for determining qualifying Farmland Preservation Partnership Program farms, including that qualifying farms must:

- meet MALPF's size criteria;
- contain significant productive agricultural or forest soil, as determined by MALPF; and
- be approved for participation in the program by the governing body of the local jurisdiction in which the property is located.

Current Law: On or before November 1 of each year, MALPF is required to submit a report to the Governor and the General Assembly summarizing its proceedings and activity for the preceding fiscal year. This report must include an inventory of all easements or other interests in agricultural land and woodland acquired during that time as well as a report on the condition of the Maryland Agricultural Land Preservation Fund.

Background: MALPF, which was established by the General Assembly in 1977 and is part of MDA, purchases agricultural preservation easements that restrict development on prime farmland and woodland in perpetuity. In addition to funding from the State transfer tax, MALPF is funded with agricultural land transfer taxes, local matching funds, and the U.S. Department of Agriculture's Federal Farmland Protection Program. MALPF settled on its first purchased easement in October 1980. As of January 2010, MALPF had cumulatively purchased or had a pending contract to purchase conservation easements on 2,079 farms covering 283,169 acres.

MALPF advises that the bill will enhance its efforts to preserve agricultural land by leveraging other public and private resources to acquire easements that would not be established otherwise. MALPF is not currently able to take advantage of funding from other entities that often have complementary goals such as carbon offsets, habitat protection, or environmental management. The bill specifically authorizes MALPF to broker matching funds from outside entities and be the holder or co-holder of these easements.

Extending the annual report due date will allow MALPF to develop more accurate program expenditure data and to report calendar-year-end land preservation data from other programs.

State Revenues: The extent of any revenue increase due to partnership contributions cannot be reliably estimated; however, it is potentially significant. MDA advises that potential sources of partnership funding already identified include the U.S. National Oceanic and Atmospheric Administration, local governments, Ducks Unlimited, private foundations, and the U.S. Department of Defense buffer program.

State Expenditures: The bill requires MDA to establish the new program, process new agricultural easements, and ultimately monitor partnership easements. MDA advises that it intends to acquire targeted high quality (or specific quality) easements, not large numbers of easements. Therefore, MDA expects a small marginal impact on its easement monitoring responsibilities. In addition, MDA anticipates that transactional costs associated with title, settlement, and appraisal work will be paid by funding partners in most instances.

Nevertheless, special/federal fund administrative expenditures increase by \$31,297 in fiscal 2011, which accounts for the bill’s October 1, 2010 effective date. This estimate reflects the cost of hiring a part-time contractual employee to develop potential projects, process partnership requests, and respond to program inquiries. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
New Contractual Position	0.5	-	(0.5)
New Regular Position	-	-	1
Salary and Fringe Benefits	\$23,199	\$30,097	\$87,578
Equipment and Operating Expenses	<u>8,098</u>	<u>5,486</u>	<u>8,362</u>
MDA Administrative Expenditures	\$31,297	\$35,583	\$95,940

Future year administrative expenditures reflect the contractual position being replaced with a full-time regular position in fiscal 2013, annual salary increases, turnover, and 1% annual increases in ongoing operating expenses.

MDA advises that it is MALPF’s intent to use partnership contributions to pay for most or all of the program’s staffing and administrative processing expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 21, 2010
a/lgc

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Agricultural Land Preservation Foundation – Farmland Preservation Partnership Program

BILL NUMBER: SB 95

PREPARED BY: Maryland Department of Agriculture

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.