

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 1054
Ways and Means

(Charles County Delegation)

Budget and Taxation

Charles County - Property Tax Credit - Conservation Easements

This bill authorizes Charles County to grant, by law, a property tax credit against the county property tax imposed on real property that is subject to a perpetual conservation easement donated to the Conservancy for Charles County or another qualified entity approved by the county commissioners. The property tax credit must (1) benefit the original grantor of the perpetual conservation easement; (2) be granted for the duration that the original grantor of the perpetual conservation easement continues to reside on the property subject to the easement; (3) terminate on transfer of the property subject to the conservation easement by the grantor; and (4) be applicable to preexisting conservation easements. Charles County may provide for the amount and duration of the property tax credit and any other provision necessary to carry out the property tax credit.

The bill takes effect June 1, 2012, and applies to all taxable years beginning after June 30, 2012.

Fiscal Summary

State Effect: None.

Local Effect: Charles County property tax revenues will decrease to the extent the property tax credit is authorized. The amount of the decrease depends on the number of acres subject to a perpetual conservation easement donated to the Conservancy for Charles County or another qualified entity approved by the county commissioners and the amount of the tax credit. County expenditures are not affected.

Small Business Effect: Potential meaningful. Small businesses that are farms will realize reduced property tax payments, to the extent they qualify for the property tax credit.

Analysis

Current Law: Charles County is authorized to grant a property tax credit for (1) agricultural land located in an agricultural preservation district; and (2) buildings, other than tobacco barns, located on land that qualifies for an agricultural use assessment and used in connection with a recognized and approved agricultural activity.

Local Fiscal Effect: Charles County property tax revenues will decrease to the extent the property tax credit is authorized. The amount of the decrease depends on the number of acres subject to a perpetual conservation easement donated to the Conservancy for Charles County or another qualified entity approved by the county commissioners and the amount of the tax credit.

The Charles County Planning and Growth Management Department reports that there are 19,159 acres that could potentially be eligible for the tax credit, including 1,600 acres of easements owned or partially owned by the Conservancy for Charles County. Under current law, Charles County has established an agricultural preservation tax credit program for agricultural land located in an agricultural preservation district. In fiscal 2012, the county provided an average tax credit of \$5.52 per acre to landowners who qualified for the tax credit program. Assuming that all potentially eligible land identified by the county government qualifies and receives the proposed tax credit, county property tax revenues could decrease by approximately \$106,000. This estimate is based on the per acre tax credit that the county uses for its current agricultural preservation property tax credit program.

However, the actual effect on county revenues is expected to be much less and will depend on the actual number of program participants and the number of acres subject to a perpetual conservation easement. As a point of reference, the Maryland Agricultural Land Preservation Foundation reports that it has accepted only two donated easements in its history; neither was located in Charles County.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Charles County, State Department of Assessments and Taxation, Maryland Department of Agriculture, Department of Natural Resources, Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2012
mc/hlb

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