

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 396 (Delegate Luedtke)
Environment and Transportation

Local Government - Agricultural Land Preservation Fee

This bill authorizes a county that has been certified by the Maryland Department of Planning (MDP) as having established an effective agricultural land preservation program to establish and collect an agricultural land preservation fee, as specified. A county that establishes and collects an agricultural land preservation fee must (1) establish an agricultural land preservation fund for the purpose of funding the county’s agricultural land preservation program and (2) deposit the revenue from the fee into the fund.

Fiscal Summary

State Effect: The bill does not directly affect State finances.

Local Effect: Local government revenues and expenditures in specified counties may increase by an indeterminate amount.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: State law establishes a process through which a county may apply to MDP and the Maryland Agricultural Land Preservation Foundation (MALPF) for certification (subject to various criteria) as having established an effective county agricultural land preservation program. Certification makes the county eligible for additional agricultural land preservation funding, primarily the ability to retain a greater share (75% rather than 33.3%) of agricultural land transfer tax revenue collected in the county from nonwoodland transfers. (The agricultural land transfer tax is imposed on an

instrument of writing that transfers title to agricultural land, subject to exemptions, and is in addition to transfer tax applicable to transfers of land in general.)

Sixteen counties are currently certified by MDP and MALPF as having an effective county agricultural land preservation program: Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Frederick, Harford, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary's, Talbot, Washington, and Worcester counties.

In order for a county to initially become certified by MDP and MALPF as having established an effective county agricultural land preservation program, MDP and MALPF must determine that (1) the proposed program is likely to be successful; (2) the county has committed to spend additional local funds on the program in an amount equal to or exceeding the amount of additional funds that will be available as a result of certification; and (3) the county has established a specified "priority preservation area" (the area or areas of the county that are targeted for agricultural land preservation) and has included a specified priority preservation area element in the county's comprehensive plan.

Certifications are effective for three years and a county may become recertified subject to specified criteria, generally that the county has maintained a successful program and has demonstrated significant progress toward achievement of preservation goals in the priority preservation area.

A county may use the additional funding available to it as a result of certification for various purposes, including the purchase of easements, administrative costs, and to serve as local matching funds used in conjunction with State funding to purchase easements under MALPF's easement acquisition program.

Local Fiscal Effect: Local government revenues and expenditures increase correspondingly, by an indeterminate amount, to the extent counties establish and collect an agricultural land preservation fee under the authority provided by the bill. A reliable estimate of any impact on local finances cannot be made because it is unknown how many counties might use the bill's authority to establish such a fee and what the level of any such fees might be.

Small Business Effect: Small business farms, as well as appraisers who provide appraisals for easement purchases, may meaningfully benefit from additional agricultural land preservation funding generated from fees established as a result of the bill.

Additional Information

Prior Introductions: None.

Cross File: SB 354 (Senator Middleton) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland Department of Agriculture; Maryland Department of Planning; Department of General Services; Anne Arundel, Baltimore, and Harford counties; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2018
md/lgc

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