

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 1019 (Senator Reilly)
Budget and Taxation

Anne Arundel County - Property Tax Credit - Rural Legacy Program

This bill authorizes Anne Arundel County to grant, by law, a property tax credit for real property that is located in a specified Rural Legacy Area and for which the property owner has sold the development rights under the Rural Legacy Program. **The bill takes effect June 1, 2019, and applies to taxable years beginning after June 30, 2019.**

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County property tax revenues decrease by approximately \$7,250 annually beginning in FY 2020 to the extent the property tax credit is granted. County expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Anne Arundel County is authorized to grant a property tax credit for real property that is subject to the State's or county's agricultural land preservation program.

Background: The Rural Legacy Program provides funding for local governments and conservation organizations (such as land trusts) to purchase property and conservation easements within designated rural legacy areas. Local governments and land trusts apply annually to the Rural Legacy Board, which makes recommendations for designating rural legacy areas and granting funds to preserve land in the rural legacy areas that are then reviewed and approved by the Board of Public Works. Criteria for designation include the

significance of the resources proposed for protection; the ability to protect blocks of land; the nature, size, and importance of the area to be protected; the value of resource-based industries or services proposed for protection, such as agriculture, forestry, recreation, and tourism; the degree to which existing planning, zoning, and growth-management policies contribute to land conservation; and the availability of matching funds. As of the end of fiscal 2017, the board had designated 33 rural legacy areas in 23 counties, awarded approximately \$300 million in grants for the purchase of easements or fee interests in land, and protected 90,384 acres of land.

Local Fiscal Effect: The Department of Natural Resources indicates that one Rural Legacy Area is located in Anne Arundel County, consisting of 37,381 acres. This area completes a greenway of farmland from the Patuxent River to the Rhode River on the Chesapeake Bay and contains extensive tidal and forested wetlands. Four watersheds are located within the area, including the West River, Herring Bay, the Rhode River, and the Patuxent River.

To date, the Board of Public Works has approved \$10.6 million in Rural Legacy Program grants to Anne Arundel County to purchase 15 conservation easements totaling approximately 1,608 acres. The State Department of Assessments and Taxation indicates that perpetual conservation easements under the Rural Legacy Program receive a \$500 per acre conservation use assessment.

Based on Anne Arundel County's fiscal 2019 real property tax rate of \$0.902 per \$100 of assessment, Anne Arundel County property tax revenues decrease by approximately \$7,250 annually beginning in fiscal 2020, to the extent the property tax credit is granted. To the extent additional easements are purchased in the Anne Arundel County Rural Legacy Area, county property tax revenues will decrease accordingly.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel County; Department of Natural Resources; State Department of Assessments and Taxation; Department of Legislative Services

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