

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 802

(Senator Reilly and Anne Arundel County Senators)

Budget and Taxation

Ways and Means

Property Tax - Exemption - Maryland Farm Bureau, Inc.

This bill exempts from State and local property taxes property owned by the Maryland Farm Bureau that is used exclusively for (1) the agricultural education of the public; (2) aiding and encouraging agriculture in the State; (3) assisting in the collection, analysis, and dissemination of information relating to agriculture; or (4) the maintenance of a natural or recreational area for public use. **The bill takes effect June 1, 2020, and applies to taxable years beginning after June 30, 2020.**

Fiscal Summary

State Effect: Annuity Bond Fund revenues decrease by \$1,400 annually beginning in FY 2021. State expenditures are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)
Expenditure	0	0	0	0	0
Net Effect	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)

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

Local Effect: Anne Arundel County property tax revenues decrease by \$11,600 annually beginning in FY 2021. County expenditures are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Current Law: The major exemptions from the local property tax are local, State, and federal government property; property of religious organizations; cemeteries and mausoleums; nonprofit hospitals; portions of continuing care facilities for the elderly; property of charitable, fraternal, and educational institutions; property used for national defense or military housing; property of national veterans' organizations; homes of disabled veterans and the blind (partial exemption), or a surviving spouse of either; property of historical societies and museums; property owned by certain taxpayers engaged in building, operating, and managing nonprofit multifamily units, subject to local government approval; and property owned by fire companies, rescue squads, community water corporations, and housing authorities.

A comprehensive overview on exempt property in Maryland can be found in Chapter 3 of the [*Guide to the Property Tax Structure in Maryland*](#).

Background: The Maryland Farm Bureau is a private, nonprofit organization with over 15,350 members in the 23 county farm bureaus in the State. The purpose of the Maryland Farm Bureau is to increase net farm income and improve the quality of life by providing a legislative voice, increasing public understanding and promoting member involvement.

State Fiscal Effect: The State Department of Assessments and Taxation indicates that the Maryland Farm Bureau has two real property accounts in Anne Arundel County that qualify for the property tax exemption under the bill. The total assessment of the two properties is \$1.24 million. As a result, State revenues decrease by \$1,400 annually beginning in fiscal 2021. The estimate is based on a State property tax rate of \$0.112 per \$100 of assessment.

Local Fiscal Effect: Based on the data used for the State estimate, Anne Arundel County property tax revenues decrease by \$11,600 annually beginning in fiscal 2021. The assessment is based on Anne Arundel County's fiscal 2020 real property tax rate of \$0.935 per \$100 of assessment.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 889 (Delegate Bagnall, *et al.*) - Ways and Means.

Information Source(s): Maryland Farm Bureau; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2020
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