

HOUSE BILL 1282

Q1

2lr2152
CF SB 567

By: **Delegates Hornberger, Boteler, Buckel, Feldmark, Ghrist, Griffith, Guyton, Jacobs, Krebs, Luedtke, Mautz, McComas, Morgan, Reilly, Rose, Sample-Hughes, and Shoemaker**

Introduced and read first time: February 11, 2022

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 28, 2022

CHAPTER _____

1 AN ACT concerning

2 **Property Tax – Agricultural Use Assessment – Improvements Accessory Use**
3 **Improvements – Study and Report**

4 FOR the purpose of requiring ~~that certain improvements on land that qualifies for~~
5 ~~agricultural use assessment be assessed as agricultural property; providing for the~~
6 ~~retroactive application of this Act; authorizing the payment of tax refunds under~~
7 ~~certain circumstances; and generally relating to the agricultural use assessment~~ the
8 Department of Agriculture and the Department of Assessments and Taxation to
9 jointly conduct a study of the assessment of agricultural accessory use improvements
10 and submit a report of their findings and recommendations to certain committees of
11 the General Assembly on or before a certain date; and generally relating to the
12 assessment of agricultural accessory use improvements.

13 ~~BY repealing and reenacting, without amendments,~~
14 ~~Article – Tax – Property~~
15 ~~Section 8 – 209(a) through (d)~~
16 ~~Annotated Code of Maryland~~
17 ~~(2019 Replacement Volume and 2021 Supplement)~~

18 ~~BY repealing and reenacting, with amendments,~~
19 ~~Article – Tax – Property~~
20 ~~Section 8 – 209(c)~~
21 ~~Annotated Code of Maryland~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~(2019 Replacement Volume and 2021 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That ~~the Laws of Maryland read as follows:~~

~~Article Tax Property~~

~~§ 209.~~

~~(a) The General Assembly declares that it is in the general public interest of the State to foster and encourage farming activities to:~~

~~(1) maintain a readily available source of food and dairy products close to the metropolitan areas of the State;~~

~~(2) encourage the preservation of open space as an amenity necessary for human welfare and happiness; and~~

~~(3) prevent the forced conversion of open space land to more intensive uses because of the economic pressures caused by the assessment of the land at rates or levels incompatible with its practical use for farming.~~

~~(b) It is the intention of the General Assembly that the assessment of farmland:~~

~~(1) be maintained at levels compatible with the continued use of the land for farming; and~~

~~(2) not be affected adversely by neighboring land uses of a more intensive nature.~~

~~(c) Land that is actively used for farm or agricultural use shall be valued on the basis of that use and may not be valued as if subdivided.~~

~~(d) Land that is valued under subsection (c) of this section shall be assessed on the basis of its use value.~~

~~(e) (1) The Department shall establish in regulations criteria to determine if land that appears to be actively used for farm or agricultural purposes:~~

~~(i) is actually used for farm or agricultural purposes; and~~

~~(ii) qualifies for assessment under this section.~~

~~(2) The criteria shall include:~~

~~(i) the zoning of the land;~~

1 (ii) ~~the present and past use of the land including land under the Soil~~
2 ~~Bank Program of the United States;~~

3 (iii) ~~the productivity of the land, including timberlands and~~
4 ~~reforested lands; and~~

5 (iv) ~~the gross income that is derived from the agricultural activity.~~

6 **~~(3) AN IMPROVEMENT LOCATED ON LAND THAT QUALIFIES FOR~~**
7 **~~AGRICULTURAL USE ASSESSMENT UNDER THIS SECTION SHALL BE ASSESSED AS~~**
8 **~~AGRICULTURAL PROPERTY IF THE IMPROVEMENT IS USED FOR:~~**

9 **~~(I) THE MANUFACTURE, PACKAGING, STORAGE, PROMOTION,~~**
10 **~~OR SALE OF A VALUE ADDED AGRICULTURAL PRODUCT, INCLUDING A DAIRY~~**
11 **~~PRODUCT, THAT IS DERIVED FROM INGREDIENTS PRODUCED ON THE~~**
12 **~~AGRICULTURAL LAND OR ANY ASSOCIATED AGRICULTURAL LAND;~~**

13 **~~(II) AGRICULTURAL ALCOHOL PRODUCTION, AS DEFINED IN §~~**
14 **~~4-214(A) OF THE LAND USE ARTICLE; OR~~**

15 **~~(III) AGRITOURISM, AS DEFINED IN § 4-212 OF THE LAND USE~~**
16 **~~ARTICLE.~~**

17 ~~SECTION 2. AND BE IT FURTHER ENACTED, That:~~

18 ~~(a) This Act shall be construed to apply retroactively and shall be applied to and~~
19 ~~interpreted to affect any assessment of an improvement described in § 8-209(e)(3) of the~~
20 ~~Tax Property Article as enacted by Section 1 of this Act, that was made final on or after~~
21 ~~January 1, 2021.~~

22 ~~(b) (1) A person who paid excess property tax as a result of an assessment of~~
23 ~~an improvement described in § 8-209(e)(3) of the Tax Property Article, as enacted by~~
24 ~~Section 1 of this Act, as nonagricultural property on or after January 1, 2021, but before~~
25 ~~June 1, 2022, may apply for a refund of the excess tax paid in accordance with Title 14,~~
26 ~~Subtitle 9 of the Tax Property Article.~~

27 ~~(2) A tax refund under this section is not subject to the limitations of §§~~
28 ~~14-904(b) and 14-905(e) of the Tax Property Article.~~

29 ~~(a) (1) In this section, “agricultural accessory use improvement” means an~~
30 ~~improvement located on an actively used farm that is related to:~~

31 ~~(i) agricultural alcohol production, as defined in § 4-214(a) of the~~
32 ~~Land Use Article;~~

33 ~~(ii) agritourism, as defined in § 4-212 of the Land Use Article;~~

1 (iii) equine activities, as defined in § 2–701 of the Agriculture Article;

2 (iv) the manufacture, packaging, storage, promotion, or sale of a
3 value-added agricultural product, including a dairy product, that is derived from
4 ingredients produced on the farm or any associated farmland;

5 (v) a roadside stand; or

6 (vi) other agricultural uses that are permissible under local zoning.

7 (2) “Agricultural accessory use improvement” does not include an
8 improvement used for:

9 (i) rental for private events if the facility has a seating capacity of
10 200 or more individuals; or

11 (ii) any activity that the local zoning authority has not approved for
12 land zoned for agricultural use.

13 (b) The Department of Agriculture and the Department of Assessments and
14 Taxation shall jointly conduct a study of the assessment of agricultural accessory use
15 improvements.

16 (c) In conducting the study, the Department of Agriculture and the Department
17 of Assessments and Taxation shall consult with:

18 (1) local governments;

19 (2) nonprofit associations that represent agricultural interests, alcohol
20 manufacturers, and equine interests; and

21 (3) other relevant stakeholders.

22 (d) The study shall examine:

23 (1) whether agricultural accessory use improvements should be assessed
24 using a different methodology from improvements located on nonagricultural land;

25 (2) if a different methodology for assessing agricultural accessory use
26 improvements is recommended, the proper method for assessing agricultural accessory use
27 improvements; and

28 (3) how other states assess agricultural accessory use improvements.

29 (e) On or before December 1, 2022, the Department of Agriculture and the
30 Department of Assessments and Taxation shall submit a joint report of their findings and

1 recommendations, in accordance with § 2-1257 of the State Government Article, to the
2 Senate Budget and Taxation Committee and the House Ways and Means Committee.

3 SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 June 1, 2022.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.