

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 156

(Delegate Queen, *et al.*)

Environment and Transportation

Education, Health, and Environmental Affairs

Local Governments – Urban Agricultural Incentive Zones – Authorization

This bill authorizes local governments to establish urban agricultural incentive zones. The bill also authorizes local governments to provide various tax incentives to persons involved in urban agricultural activities.

Fiscal Summary

State Effect: None.

Local Effect: Local government property tax revenues may decrease beginning in FY 2023. Local government expenditures are not affected.

Small Business Effect: Potential meaningful. Small businesses involved in urban agricultural activities may benefit from tax incentives provided by local governments.

Analysis

Bill Summary: Local governments may establish, by local law, procedures for a qualifying farmer or a partner organization to apply to the local government to designate an area as an urban agricultural incentive zone. The local law must establish qualifications and application procedures. An applicant must (1) process, grow, raise, or otherwise produce farm products in the proposed area or (2) sell farm products, of which 75% is locally grown food, in the proposed area. The applicant must also demonstrate or identify (1) the number of jobs to be created, maintained, or supported in the proposed area; (2) the types of products to be produced; (3) if selling products to consumers, the ability to accept federal nutrition benefits; and (4) the geographic description of the proposed area.

An urban agricultural incentive zone expires after 25 years. However, if a local government determines that an urban agricultural incentive zone is not meeting the requirements established by the local government, the local government may, by law, dissolve the urban agricultural incentive zone before the end of 25 years.

A local urban agricultural incentive zone fund must be established to receive (1) conservation innovation grant money from the U.S. Department of Agriculture; and (2) any other money from any other source accepted for the benefit of the fund. Money in the fund may be used in a manner determined by the local government, including for (1) supporting opportunities for local economic development associated with urban agricultural activities; (2) providing funding for educational programs focused on nutrition and local urban farms; and (3) improving community access to healthy food choices.

Local governments may (1) grant a property tax credit against the local property tax imposed on real property in the urban agricultural incentive zone; (2) provide that the local property tax imposed on real property will not increase for a period of up to 25 years; and (3) authorize an entity providing water, electricity, or other utilities to real property to allow a qualifying farmer or partner organization to pay a reduced rate for service or pay a reduced connection charge for service.

The bill establishes procedures for the designation for urban agricultural incentive zone advisory committees as well as the duties and responsibilities of these committees.

Current Law: None applicable.

Local Fiscal Effect: Local government property tax revenues may decrease beginning in fiscal 2023 to the extent that property tax credits or limitation measures are authorized. The amount of the decrease depends on the number and size of the urban agricultural incentive zones.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Anne Arundel, Baltimore, Charles, Frederick and Somerset counties; cities of Frederick and Havre de Grace; Comptroller's Office; Maryland Department of Agriculture; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History:
fnu2/hlb

First Reader - January 18, 2022

Third Reader - March 21, 2022

Revised - Amendment(s) - March 21, 2022

Analysis by: Michael Sanelli

Direct Inquiries to:

(410) 946-5510

(301) 970-5510