

Department of Legislative Services  
 Maryland General Assembly  
 2022 Session

FISCAL AND POLICY NOTE  
 Enrolled - Revised

Senate Bill 567

(Senator Elfreth, *et al.*)

Budget and Taxation

Ways and Means

Property Tax - Agricultural Accessory Use Improvements - Study and Report

This bill requires the Department of Agriculture and the State Department of Assessments and Taxation (SDAT) to jointly conduct a study of the assessment of agricultural accessory use improvements. The departments must submit a joint report of their findings and recommendations to the Senate Budget and Taxation Committee and the House Ways and Means Committee by December 1, 2022. **The bill takes effect June 1, 2022.**

Fiscal Summary

**State Effect:** General fund expenditures increase by \$18,000 in FY 2023. Revenues are not affected.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	18,000	0	0	0	0
Net Effect	(\$18,000)	\$0	\$0	\$0	\$0

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

**Local Effect:** None.

**Small Business Effect:** None.

Analysis

**Bill Summary:** In conducting the study, the departments must consult with (1) local governments; (2) nonprofit associations that represent agricultural interests, alcohol manufacturers, and equine interests; and (3) other relevant stakeholders.

The study must examine (1) whether agricultural accessory use improvements should be assessed using a different methodology from improvements located on nonagricultural land; (2) if a different methodology for assessing agricultural accessory use improvements

is recommended, the proper method for assessing agricultural accessory use improvements; and (3) how other states assess agricultural accessory use improvements.

Agricultural accessory use improvement is defined as an improvement located on an actively used farm that is related to (1) specified agricultural alcohol production; (2) specified agritourism; (3) specified equine activities; (4) the manufacture, packaging, storage, promotion, or sale of a value-added agricultural product, including a dairy product, that is derived from ingredients produced on the farm or any associated farmland; (5) a roadside stand; and (6) permissible local zoning uses of agricultural activity.

Agricultural accessory use improvement does not include an improvement used for (1) rental for private events if the facility has a seating capacity of 200 or more individuals or (2) an activity that the local zoning authority has not approved for land zoned for agricultural use.

**Current Law:** The Tax-Property Article (8-209) states that 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.

Land that is actively used for farm or agricultural use must be valued on the basis of that use and may not be valued as if subdivided. Land that is valued as agricultural use must be assessed on the basis of its use value. SDAT must establish in regulations criteria to determine if land that appears to be actively used for farm or agricultural purposes (1) is actually used for farm or agricultural purposes; and (2) qualifies for an agricultural use assessment. The criteria must include (1) the zoning of the land; (2) the present and past use of the land including land under the Soil Bank Program of the United States; (3) the productivity of the land, including timberlands and reforested lands; and (4) the gross income that is derived from the agricultural activity.

**State Expenditures:** General fund expenditures for SDAT increase by \$18,000 in fiscal 2023 to hire a consultant to assist with the required study.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 1282 (Delegate Hornberger, *et al.*) - Ways and Means.

**Information Source(s):** Comptroller's Office; Maryland Department of Agriculture; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:**  
rh/hlb

First Reader - February 15, 2022  
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Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510