



Montgomery County

Office of Intergovernmental Relations

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HB 848

DATE: February 18, 2020

SPONSOR: Montgomery County Delegation

ASSIGNED TO: Ways and Means

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POSITION: SUPPORT WITH AMENDMENT

Montgomery County – Agricultural Land Transfer Tax – Alterations MC 7-20

This bill requires that revenues collected from the Montgomery County Agricultural Land Transfer Tax (County Tax) be dedicated to agricultural preservation or other agricultural programs. Currently, these revenues flow into the General Fund. Between FY16 and FY19, annual revenues averaged about \$500,000 (\$538,000 in FY16; \$631,000 in FY17; \$422,000 in FY18; \$402,456 in FY19).

The bill also includes language establishing certain offsets against the County Tax that mirrors language that was included in a bill relating to the State Agricultural Land Transfer Tax (State Tax) that was enacted in 2019 (HB 20/SB 344). The language in that bill was intended to increase revenues collected under the State Tax by: (1) reducing – from 75% to 65% – the offset that is allowed for property that was assessed as non-agricultural use for three consecutive years before transfer; and (2) reducing from – 100% to 65% – the offset that is allowed for property that was assessed as a non-agricultural use for four or more years before transfer.

However, if the offset language from HB 20/SB 344 is applied without modification to the County Tax, it has an unintended consequence of reducing revenues for certain transfers of agricultural property because current law governing the County Tax is different than the law governing the State Tax before enactment of HB 20/SB 344.

For the longer than 5-year lookback period, the bill allows the County to collect 35% of the County Tax rather than 0% under current law. But for transfers within the 5-year lookback period, current law allows the County to collect 100% of the tax and the bill would allow the County to collect 75% for properties changed to non-agricultural use one-year before transfer, 50% for properties changed to non-agricultural use two years before transfer, and 35% for properties changed to non-agricultural use three, four, or five years before transfer.

The County supports this bill with the amendment adopted by the Montgomery County House Delegation, which retains the part of current law that allows the County to collect 100% of the County Tax within the 5-year lookback period.