



Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

March 23, 2021

To: Senate Budget & Taxation Committee

From: Maryland Farm Bureau, Inc.

Re: **Support of HB 497 - Property Tax Credit - Urban Agricultural Property - Repeal of Repayment Requirement**

On behalf of our member families, I submit this written testimony in support of HB 497, legislation that repeals a requirement that the owner of an urban agriculture property repay all property taxes that would have been imposed if the property tax credits had not been granted if the property ceases to be used for urban agricultural purposes. It applies to taxable years beginning after June 30, 2021.

Because of this claw-back clause, this tax credit program has very seldom been used as willing and qualified projects have been scared off due to the repayment mandate if they don't succeed. These projects are already risky and are tied to keeping expenses low as profit margins are low in food sales. If the farm is not successful and has to close, they would not only lose their investment, but would be required to pay back any back taxes to boot.

This repayment clause was put into the bill initially to deter land developers for using the tax credit while they worked to get the necessary permits to develop the property. There are other ways to prevent this from happening. This repayment requirement should not be one of them.

MDFB Policy: We support and encourage urban farming/agriculture.

MARYLAND FARM BUREAU SUPPORTS HB 497 AND ENCOURAGE A FAVORABLE REPORT

A handwritten signature in black ink, appearing to read 'Colby Ferguson'.

Colby Ferguson
Director of Government Relations

For more information contact Colby Ferguson at (240) 578-0396