



BILL – SB 567 - / HB 1282 – Property Tax – Agricultural Use Assessment – Improvements

POSITION: **SUPPORT**

BILL SUMMARY: This legislation requires the State Department of Assessments and Taxation (“SDAT”) to assess certain agricultural improvements as agriculture instead of commercial property. Additionally, entities that have been incorrectly reclassified as commercial will be refunded for the incorrect amount of taxes that they were assessed for and were required to pay.

WHAT IS THE PROBLEM: SDAT has begun assessing value added agricultural improvements as commercial property. This incorrect reclassification has greatly increased taxes on farmers at a time when they can least afford to comply with this tax increase.

WHY SUPPORT SB 567 / HB 1282?

Agriculture faces a myriad of challenges already: climate change, labor shortages, supply chain disruptions, inflation, lost revenue from COVID closures and capacity reductions – higher taxes stemming from an arbitrary decision should not be another problem that our farmers need to contend with.

Critical in this legislation is the focus on agriculture – these improvements are tied to ingredients or crops that are grown or produced on the farm and are subsequently converted into a product related to activity on the farm. Also prominent in this legislation are certain minor agritourism activities that so many Marylanders participate in and love that are also critical to the sustainability and viability of agriculture, such as hayrides, corn mazes, pumpkin patches, pick your own produce and so on. Value-added agriculture and agritourism have become an invaluable way for many farmers to stay afloat.

The fiscal note is relying on tax revenue projections the State has not been and should not be collecting. Even if this Fiscal note is correct, SDAT’s position is tantamount to imposing a new tax on Maryland farmers who are operating on razor thin margins prior to the global pandemic and demonstrates the need for relief. Proceeding with this position will only reduce the number of Maryland farmers and open space in Maryland.

This legislation does not change local zoning. These activities and improvements are only permitted if they are on agricultural-zoned land, and if local zoning permits these activities on agriculture zoned land. If local zoning does not permit large venues or other activities – that will still not be permissible under this bill.

This legislation is necessary to correct the harm that has been incorrectly inflicted on many agricultural entities already – therefore a refund in taxes is included for those entities that have been incorrectly reclassified.

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