



HB 592 & SB 418

PROPERTY TAX

AGRICULTURAL USE ASSESSMENT - IMPROVEMENTS

POSITION: SUPPORT

BILL SUMMARY:

This legislation requires the State Department of Assessments and Taxation (“SDAT”) to assess certain value-added agricultural improvements with the agricultural use assessment. The bill defines value-added agriculture on actively used farms. Additionally, entities that have been recently reclassified shall be reassessed.

WHAT IS THE PROBLEM:

SDAT ought to be required to assess value added agricultural improvements as agricultural property. These properties being assessed as other than agricultural has greatly increased taxes on farmers at a time when they can least afford to comply with this tax increase.

WHY SUPPORT HB 592 / SB 418:

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 face.

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 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 invaluable ways for many farmers to stay afloat.

The fiscal note relies on tax revenue projections the State had not been and should not be collecting or assessing. Even if this fiscal note is correct, not resolving this issue is tantamount to imposing a new tax on Maryland farmers who have been operating on razor-thin margins even prior to the global pandemic. 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 harm incorrectly inflicted on many agricultural entities already – therefore a refund in taxes is included for those entities that have been incorrectly reclassified.