



# Maryland Department of Agriculture

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## Maryland Department of Agriculture

### Legislative Comment

**Date: February 22, 2023**

**BILL NUMBER:** SENATE BILL 418

**SHORT TITLE:** PROPERTY TAX- AGRICULTURAL LAND AND IMPROVEMENTS-ASSESSMENT

**MDA POSITION:** SUPPORT

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SB 418 creates a subclass of real property tax assessment to include farms that support value-added agricultural activities. Value-added enterprises may hold significant income and risk diversification benefits for farmers across a wide spectrum of agricultural production. Traditional commodity production of high volumes at the lowest (labor) cost is characterized by low profits and the need to constantly expand the size of the farming operation. This has had significant effects in many rural areas as less competitive producers continue to leave farming. Advocates of value-added production expect value-added agriculture to create the potential for higher profit margins for producers. Value-added agriculture also expands opportunities for rural communities in processing and marketing these products to end-users, as well as stimulating growth and expansion of rural businesses. As more new farmers return to farming practices, additional value added enterprises will allow them to be more competitive and viable.

A 2018 study by the Business Economic and Community Outreach Network (BEACON) of Salisbury University showed the overall value-added ag sector supports 74,000 jobs with an economic impact of over \$20 billion to Maryland's economy. This in turn adds around \$875 million to state resources. The increased economic activity will be of benefit to rural communities by creating jobs and providing local activities for residents to participate in. The loss of property tax revenue may be offset by increased employment, income taxes, and increased economic activity. In addition, profitable farms will preserve and protect our farmland and rural landscape.

MDA supports SB 418 and respectfully requests a favorable report.

If you have additional questions, please contact Steve Connelly, Deputy Secretary, at [steve.connelly@maryland.gov](mailto:steve.connelly@maryland.gov) or (410) 841-5881.