



MARBIDCO
growing rural ventures™

MARYLAND AGRICULTURAL AND RESOURCE-BASED
INDUSTRY DEVELOPMENT CORPORATION
1410 Forest Drive, Suite 21 ~ Annapolis, MD 21403
Office: 410-267-6807 ~ Fax: 410-267-6809
www.marbidco.org

John Jastrzembski, *Chair* / **Stephen R. McHenry**, *Executive Director*

TESTIMONY STATEMENT

BILL: **Senate Bill 424** (State Transfer Tax – Land Preservation Special Fund – Revenue Allocation)

COMMITTEE: **Budget and Taxation**

DATE: **February 18, 2026**

POSITION: **Support**

The Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) supports SB 424, which repeals provisions established under the Budget Reconciliation and Financing Act of 2025 that redirect \$25 million in transfer tax revenue to the general fund, in each of fiscal years 2026 through 2029, that otherwise is allocated to Program Open Space (POS) State land acquisition, the Rural Legacy Program, and the Maryland Agricultural Land Preservation Foundation (MALPF). The bill restores that revenue to POS State land acquisition, the Rural Legacy Program, and MALPF for fiscal years 2027 through 2029.

MARBIDCO is most concerned with loss of revenues that would have otherwise gone into the MALPF and Rural Legacy Programs. One estimate puts this revenue loss at 41% over the four-year period. These programs provide important funding for the purchase of permanent rural land conservation easements, and this reduction will also likely negatively impact a related MARBIDCO program over the longer term.

Maryland agriculture is nearing a potentially critical juncture in terms of its future viability. With an aging farmer population and ever-increasing real estate prices due to development pressure (including now utility-scale solar facilities), it appears possible that significant remaining farmland, and the resulting opportunity for agricultural production on that land, could be in danger of disappearing forever. Nearly 2,000,000 acres of privately-owned crop, forage, and wood land remain undeveloped in Maryland today (according to the recent USDA Census of Agriculture), in addition to another 1,300,000 acres of privately-owned forest land (that is not included within the Ag Census). About one-quarter of this rural working farm and forest land is held under a conservation easement, so the other three-quarters could potentially be developed in the future.

High farmland costs in every region of the State are effectively preventing many beginning farmers and young farm families from purchasing agricultural land, especially if they do not have available intergenerational financial or other support to gain access to farmland. This is because substantial personal equity is needed to provide the large downpayments required by commercial lenders (often at least 20% of the real estate purchase price). A typical farm property purchase today can easily exceed \$1 million.

In 2018, MARBIDCO established the Next Generation Farmland Acquisition Program to help address this concern. The “Next Gen Program” helps qualified young and beginning farmers who have trouble entering the agricultural profession because of relatively high farmland costs and lack of access to adequate financial capital. The Next Gen Program is essentially a fast-moving farmland conservation easement option purchase program that is designed to help facilitate the transfer of farmland to a new generation of farmers, while also effectively helping to preserve the subject agricultural land from future development. MARBIDCO works closely with the county agricultural land preservation offices in administering this program. Moreover, MARBIDCO has funded nearly 50 such projects to date totaling nearly \$15 million, which has leveraged an additional \$17 million of commercial lender financing. And, importantly, nearly 5,000 acres of farmland are now on a path to becoming permanently preserved.

The key tool that MARBIDCO uses when making Next Gen Program awards is the “Easement Option Purchase Contract”. The Option is a contractual agreement that allows the “Next Gen Farmer” to use the farm that is purchased only for agricultural purposes and to stop any non-farm development on the agricultural property.

Under the Next Gen Program, MARBIDCO will pay up to 51% of the Fair Market Value (FMV) of the land only (with a cap of \$500,000), and following the land sale transaction the Next Gen Farmer then has a period of several years to sell the permanent conservation easement to a rural land preservation program that is able to hold and administer the permanent easement (thus extinguishing the development rights on the property forever). Once a permanent easement has been subsequently facilitated, the Next Gen Farmer is obligated to repay MARBIDCO the original Option Purchase amount (plus a 3% administrative fee). The final funding for a permanent land conservation easement purchase, which “takes out” MARBIDCO, typically comes from the MALPF program, but sometimes also from the Rural Legacy and county agricultural land preservation programs too.

In short, the Next Gen Program enables MARBIDCO to provide a young or beginning farmer with the money needed to make a large down-payment towards a farm purchase, in order to meet the equity contribution requirements of a commercial lender, which then allows the lender to make a loan to help complete the financing needed for the transaction. An additional benefit of this program is that the farmland being purchased is firmly put on a path to becoming permanently preserved for agricultural purposes only.

The lack of funds going into the MALPF and Rural Legacy Programs is likely to impair the ability of some Next Gen Farmers to get offers for the sale of permanent conservation easements over the coming years. This not only could negatively impact Next Gen Farmers that do not get MALPF or Rural Legacy offers in the future, but the Next Gen Program too as there are fewer “take-outs” and money revolving in the program which will eventually hurt MARBIDCO’s ability to help future young/beginning farmers access the capital they need to buy their first farms. For these reasons, **MARBIDCO respectfully requests a Favorable Report for Senate Bill 424**, and especially urges support for the repayment of funds that have been, or will be, diverted in the future because of the passage of the 2025 BRFA legislation.

MARBIDCO Contact: Steve McHenry, 410.267.6807

MARBIDCO was established 19 years ago to help enhance the sustainability and profitability of the State’s agricultural and resource-based industries in order to help bolster rural economies, support locally grown and processed food and fiber products, and preserve working farm and forest land. MARBIDCO is a nimble, quasi-governmental financial intermediary organization that has a mission to serve exclusively the commercial farming, forestry, and seafood industries of Maryland. Assisting young and beginning farmers is a special focus for MARBIDCO, as is farm operation diversification (including value-added production). In delivering its financing programs, MARBIDCO works cooperatively with commercial banks and farm credit associations, as well as a host of federal, State, regional, and local government agencies, and universities. For more information about MARBIDCO’s programs, please visit: www.marbidco.org