



Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
David Goshorn, Deputy Secretary

February 18, 2026

BILL NUMBER: HOUSE BILL 533 – FIRST READER

SHORT TITLE: MEL NOLAND WOODLAND INCENTIVES AND FELLOWSHIP FUND - REPORTING

DEPARTMENT'S POSITION: LETTER OF INFORMATION

EXPLANATION OF DEPARTMENT'S POSITION

House Bill 588 would impose new reporting requirements that would require the Department of Natural Resources (DNR) to obtain and reconcile financial information from multiple external entities.

Over the past several months, DNR has worked extensively with the Revenue Accounting Division (RAD) of the Comptroller's Office and Maryland Department of Assessments and Taxation (SDAT) to investigate the audit finding from DNR's most recent audit report from the Office of Legislative Audit (OLA). DNR worked with both agencies to better understand SDAT's annual reporting and RAD's collection and distribution of the agricultural transfer tax attributable to woodland properties.

SDAT issues an annual report on woodland property transfers by county. Each county collects agricultural land transfer tax and remits a portion of the taxes collected to the Comptroller's office. The amount remitted is dependent upon numerous factors, including whether or not the county has a certified Maryland Agricultural Land Preservation Foundation (MALPF) program. The Comptroller then deposits the amount collected from the counties annually into the Mel Noland Woodland Incentives and Fellowship Fund, up to a maximum amount of \$200,000.

DNR, SDAT, and the Comptroller's office are considering ways to improve the coordination between the three agencies and the local county collection offices. Updated guidance on how to accurately complete the associated forms and tax remission might be beneficial. We also discussed potentially seeking a new version of the Comptroller's form to more clearly identify what percentage of the total agricultural land transfer tax collected by each county is being remitted. Implementing these improvements would help to resolve the procedural uncertainties that formed the basis of the OLA finding, and discussions around potential improvements will continue.

The bill expands an existing annual report to the Senate Committee on Education, Energy, and the Environment and the House Environment and Transportation Committee to include: (1) the amount of agricultural land transfer tax proceeds attributable to transfers of entirely woodland parcels that were distributed to the Fund during the preceding fiscal year; and (2) any uncertainties regarding the total amount of proceeds required to be

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distributed to the Fund, including the actions necessary to resolve those uncertainties. The department would need to rely heavily on information from our sister agencies to meet this reporting requirement.

BACKGROUND INFORMATION

The Mel Noland Woodland Incentives and Fellowship Fund (the Fund) supports the Woodland Incentives Program, associated cost-share assistance, and the Mel Noland Fellowship Program. The Fund is supported by proceeds from the agricultural land transfer tax attributable to transfers of parcels that are entirely woodland with an annual cap of \$200,000.

Current law requires the Department of Natural Resources (DNR) to submit an annual report to the General Assembly regarding the use of funds credited to the Fund. HB 533 expands this reporting requirement to include detailed information on the amount of agricultural land transfer tax proceeds distributed to the Fund during the prior fiscal year, as well as an explanation of any uncertainties related to the amount required to be distributed.

BILL EXPLANATION

HB 533 requires DNR, on or before September 30 of each year, to report to the Senate Committee on Education, Energy, and the Environment and the House Environment and Transportation Committee on:

1. The amount of agricultural land transfer tax proceeds attributable to transfers of entirely woodland parcels that were distributed to the Fund during the immediately preceding fiscal year; and
2. If the Department is uncertain about the total amount of proceeds required to be distributed to the Fund, a description of those uncertainties and the actions required to resolve them.