



Maryland Department of Agriculture

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Agriculture | Maryland's Leading
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Maryland Department of Agriculture Legislative Comment Date: March 3rd, 2026

BILL NUMBER: HB 1398
BILL TITLE: State Transfer Tax – Temporary Suspension
MDA POSITION: **OPPOSE**

The Maryland Department of Agriculture (MDA) respectfully submits this letter in opposition of *House Bill 1398 - State Transfer Tax - Temporary Suspension*.

HB 1398 would suspend collection of the State Transfer Tax on real estate transactions over the three-year period from FY27 through FY29. First enacted by the Maryland General Assembly in 1969 – establishing the nation's first dedicated State funding source for land conservation – the Transfer Tax is a ½% tax on all real estate transactions (with a lower rate for first time Maryland home buyers). The Transfer Tax will generate an estimated \$245.4 million, \$263.5 million, and \$277.5 million of revenue respectively over the three-year period impacted by HB 1398, meaning that its enactment would result in a reduction in revenue of over \$786 million for the various conservation programs it funds.

The Transfer Tax funds a myriad of programs that benefit local jurisdictions across Maryland, serving to provide open space and places for recreation, preserve Maryland history and heritage, preserve agricultural and forested lands, and to protect natural habitats for wildlife and ecological benefits. The following programs are funded through a statutory distribution formula for the revenue collected from the Transfer Tax:

- Maryland Agricultural Land Preservation Foundation (MALPF)
- Rural Legacy Program
- Heritage Conservation Funds
- Program Open Space (POS) Stateside
- POS Local
- Heritage Area Authority
- Maryland Park Service
- Maryland Forest Service
- Baltimore City Direct Grant
- Greenspace Equity
- POS Public Access

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- Capital Development Projects (including Natural Resources Development Fund, Critical Maintenance Program, and Ocean City Beach Maintenance)

In addition to the above listed programs, the transfer tax also provides administrative funds to the Department of Natural Resources.

MALPF is a nationally recognized agricultural land preservation program housed within the Maryland Department of Agriculture. MALPF receives 17.05% of the Transfer Tax distribution under the statutory formula, and uses those funds to purchase and enforce agricultural preservation easements on properties in every county in the State, to preserve productive farmland and woodland for the continued production of food and fiber for all of Maryland's citizens, and to thereby support a critical agricultural land base for the continuation of the diverse agricultural and forestry industries in Maryland. Maryland's agricultural community has supported and relied on the consistent availability of the MALPF program for years, often as an integral part of their long-term family farm planning options. Throughout the history of the program, MALPF has received significantly more applications in any given year from farmers wishing to sell an easement than MALPF could acquire with its annual funding. Over the last five cycles, MALPF has not been able to purchase easements on approximately 60% of applications submitted.

Moreover, during each MALPF application cycle, counties provide millions of dollars to match the State funds for MALPF's acquisition of agricultural preservation easements to permanently protect farm and forested lands. If HB 1398 passes, there would be no Transfer Tax revenue over the next three years, resulting in a corresponding, devastating loss of millions of dollars in county-provided matching funds that would otherwise be used to protect more farmland. **The loss of the Transfer Tax and County matching funds would result in a combined, estimated loss of over \$129 million, which left intact could fund the permanent protection of over 27,125 acres of critical farm and forested land across Maryland.**

Agriculture is Maryland's number one industry. Permanently protecting farm and forested lands through MALPF easements ensures protection and maintenance of the critical land mass that makes up Maryland's agricultural industry. The economic impact of agriculture and other resource-based industries have been well documented through various studies and reports:

- o Agriculture, Forestry, and Seafood industries comprise the largest commercial industry in Maryland (*source; BEACON study for MARBIDCO, 2025*)
 - Agriculture contributes \$25.7 billion annually to Maryland's economy
 - Agriculture supports 91,000 jobs
 - Forestry contributes \$4.1 billion annually to Maryland's economy
 - Forestry supports 14,000 jobs
 - Seafood contributes \$317 million annually to Maryland's economy
 - Seafood supports 3,000 jobs
- o On the Eastern Shore natural resource related activities generate:
 - 38,622 jobs
 - \$4.35 billion in annual economic output

(source: Natural Resources Conservation on the Delmarva Peninsula Economic Impact, 2024 Sage Policy group)

- o The Maryland Horse Industry generates:
 - 21,841 jobs
 - \$2.9 billion in annual economic output*(source: Maryland Impact Study of the Maryland Horse Industry, American Horse Council Foundation, 2023)*
- o Value-Added Agriculture supports:
 - 74,000 jobs
 - \$20.6 billion annually to the state's economy.
 - \$875 million to the state's fiscal reserves*(source: Value-Added Agriculture in Maryland an Economic Analysis BEACON 2020)*

Maryland has continuously committed to the importance of land conservation for the benefit of all Maryland citizens, of which the Transfer Tax is the primary funding source. Maryland has established land conservation goals in partnership with the other Chesapeake Bay Watershed states, as well as internal goals established in past sessions of the General Assembly:

- o **Chesapeake Bay Partnership** protected land goal of conserving 2 million acres in the watershed.
- o **Maryland the Beautiful Act** (SB 470 2023). This sets a goal to preserve at least 30% of land in the state by 2030 and 40% of the state by 2040.
- o **Maryland Agricultural Preservation** goal of protecting 1,030,000 acres by 2030.

If HB1398 passes, there would be no funding for all the programs funded by the Transfer Tax over the next three years. This would expose tens of thousands of acres of critical agricultural and forest land to development, rather than the preservation of those farm and forested lands in perpetuity, for the benefit of this and every future generation of Marylanders. This vacuum of State land conservation funding would result in a lasting and detrimental impact on all the programs funded through the Transfer Tax, causing constituents to lose confidence in their support of these programs. For these reasons, the Maryland Department of Agriculture urges an **unfavorable report** on HB 1398. MDA appreciates the consideration of the above information in the Committee's deliberations.