# Department of Legislative Services

Maryland General Assembly
2018 Session

## FISCAL AND POLICY NOTE
## First Reader

House Bill 620 (Delegate Luedtke, *et al.*)
Environment and Transportation

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**County Agricultural Land Preservation Programs - Recertification and Remittance of Unexpended Funds - Extensions**

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This bill allows for a recertification of an effective county agricultural land preservation program to be effective for five years rather than three years and provides counties six years rather than three years in which to use revenue received from the agricultural land transfer tax before it must be remitted to the State if not spent or committed. **The bill takes effect July 1, 2018.**

## Fiscal Summary

**State Effect:** The bill is not expected to materially affect State finances, as discussed below.

**Local Effect:** County revenues and expenditures may increase minimally.

**Small Business Effect:** Minimal.

## Analysis

**Bill Summary:** The bill allows – under the program administered by the Maryland Department of Planning (MDP) and Maryland Agricultural Land Preservation Foundation (MALPF) for certification of effective county agricultural land preservation programs – for a recertification of a county program to be effective for five years instead of three years if MDP and MALPF determine that the county program is consistently effective in the achievement of preservation goals.

The bill also increases – from three years to six years – the amount of time counties have to spend money received from the agricultural land transfer tax before it must be remitted to the Comptroller for deposit in the Maryland Agricultural Land Preservation Fund.

**Current Law/Background:** State law establishes a process through which a county may apply to MDP and MALPF for certification (subject to various criteria) as having established an effective county agricultural land preservation program. Certification makes the county eligible for additional agricultural land preservation funding, primarily the ability to retain a greater share (75% rather than 33.3%) of agricultural land transfer tax revenue collected in the county from nonwoodland transfers. (The agricultural land transfer tax is imposed on an instrument of writing that transfers title to agricultural land, subject to exemptions, and is in addition to transfer tax applicable to transfers of land in general.)

Sixteen counties are currently certified by MDP and MALPF as having an effective county agricultural land preservation program: Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Frederick, Harford, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary's, Talbot, Washington, and Worcester counties.

In order for a county to initially become certified by MDP and MALPF as having established an effective county agricultural land preservation program, MDP and MALPF must determine that (1) the proposed program is likely to be successful; (2) the county has committed to spend additional local funds on the program in an amount equal to or exceeding the amount of additional funds that will be available as a result of certification; and (3) the county has established a specified "priority preservation area" (the area or areas of the county that are targeted for agricultural land preservation) and has included a specified priority preservation area element in the county's comprehensive plan.

Certifications are effective for three years and a county may become recertified subject to specified criteria, generally that the county has maintained a successful program and has demonstrated significant progress toward achievement of preservation goals in the priority preservation area.

A county may use the additional funding available to it as a result of certification for various purposes, including the purchase of easements, administrative costs, and to serve as local matching funds used in conjunction with State funding to purchase easements under MALPF's easement acquisition program.

If revenue a county receives from the agricultural land transfer tax (whether the 75% share for certified counties or the 33.3% share for noncertified counties) has not been spent or committed within three years of the county receiving the revenue, the county collector must remit that revenue to the Comptroller for deposit in the Maryland Agricultural Land Preservation Fund.

**State/Local Fiscal Effect:** Providing counties six years rather than three years in which to use revenue received from the agricultural land transfer tax may help counties avoid any remittance of that revenue to the State, if they are unable to use it within three years of its receipt. Therefore, effectively, county revenues and expenditures may increase minimally (as a result of retention of revenue that otherwise would be remitted, and subsequent spending of that revenue). MALPF does not expect significant amounts to be remitted going forward, even in the absence of the bill (the most recent remittance received, in November 2017, was $1,400 from Allegany County).

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture; Maryland Department of Planning; State Department of Assessments and Taxation; Anne Arundel, Baltimore, and Montgomery counties; Department of Legislative Services

**Fiscal Note History:** First Reader - February 12, 2018
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