

SENATE BILL 176

Q3, M4, M3
SB 427/13 – B&T

4lr0825

By: **Senator Glassman**

Introduced and read first time: January 15, 2014

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Agricultural Land – Diminution in Value of Real**
3 **Property**

4 FOR the purpose of allowing a credit against the State income tax for the diminution
5 in value of certain agricultural land resulting from enactment of a certain Act
6 and adoption of certain regulations; providing for the determination of the
7 amount of the credit; requiring an owner of agricultural land to provide certain
8 information with the owner's tax return in order to claim the credit; providing
9 that the credit may not exceed the State income tax for the taxable year;
10 providing for the carryforward of excess credit; authorizing the Comptroller to
11 adopt certain regulations; defining a certain term; providing for the application
12 of this Act; and generally relating to a credit against the State income tax for
13 the diminution of certain agricultural land under certain circumstances.

14 BY adding to
15 Article – Tax – General
16 Section 10–736
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2013 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Tax – General**

22 **10–736.**

23 **(A) IN THIS SECTION, “AGRICULTURAL LAND” MEANS REAL PROPERTY**
24 **THAT IS ASSESSED ON THE BASIS OF FARM OR AGRICULTURAL USE UNDER §**
25 **8–209 OF THE TAX – PROPERTY ARTICLE.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN OWNER OF**
2 **AGRICULTURAL LAND MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN**
3 **AN AMOUNT EQUAL TO ANY DIMINISHED VALUE OF THE REAL PROPERTY THAT**
4 **OCCURS AS A RESULT OF:**

5 **(1) THE SUSTAINABLE GROWTH AND AGRICULTURAL**
6 **PRESERVATION ACT OF 2012 (CHAPTER 149 OF THE ACTS OF THE GENERAL**
7 **ASSEMBLY OF 2012); OR**

8 **(2) THE REGULATIONS CONCERNING NUTRIENT MANAGEMENT**
9 **PLANS ADOPTED UNDER COMAR 15.20.07 AND 15.20.08, INCLUDING ANY**
10 **PROVISIONS INCORPORATED BY REFERENCE CONCERNING STREAM FENCING.**

11 **(C) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE**
12 **AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION IS THE AMOUNT BY**
13 **WHICH THE FAIR MARKET VALUE OF THE PROPERTY BEFORE THE ENACTMENT**
14 **OF THE LEGISLATION OR ADOPTION OF THE REGULATIONS REFERENCED UNDER**
15 **SUBSECTION (B) OF THIS SECTION EXCEEDS THE FAIR MARKET VALUE OF THE**
16 **PROPERTY WITHIN 5 YEARS AFTER THE ENACTMENT OF THE LEGISLATION OR**
17 **ADOPTION OF THE REGULATIONS REFERENCED UNDER SUBSECTION (B) OF THIS**
18 **SECTION.**

19 **(2) (i) THE FAIR MARKET VALUE OF THE PROPERTY BEFORE**
20 **AND AFTER THE ENACTMENT OF THE LEGISLATION OR ADOPTION OF THE**
21 **REGULATIONS REFERENCED UNDER SUBSECTION (B) OF THIS SECTION SHALL**
22 **BE SUBSTANTIATED BY AN APPRAISAL PREPARED BY A CERTIFIED REAL ESTATE**
23 **APPRAISER, AS DEFINED UNDER § 16-101 OF THE BUSINESS OCCUPATIONS AND**
24 **PROFESSIONS ARTICLE.**

25 **(ii) IN DETERMINING THE BEFORE VALUE OF THE REAL**
26 **PROPERTY, THE APPRAISER SHALL CONSIDER:**

27 **1. THE EXISTING USE AND ZONING OF THE**
28 **PROPERTY;**

29 **2. ANY CONSERVATION, AGRICULTURAL**
30 **PRESERVATION, HISTORIC PRESERVATION, OR OTHER EASEMENTS, LAWS, OR**
31 **REGULATIONS THAT RESTRICT THE USE OF THE PROPERTY; AND**

32 **3. THE LIKELIHOOD THAT THE PROPERTY WOULD BE**
33 **DEVELOPED ABSENT THE SPECIFIC RESTRICTIONS IMPOSED BY THE**

1 LEGISLATION OR THE REGULATIONS REFERENCED UNDER SUBSECTION (B) OF
2 THIS SECTION.

3 (III) IN DETERMINING THE AFTER VALUE OF THE REAL
4 PROPERTY, THE APPRAISER SHALL CONSIDER THE SPECIFIC RESTRICTIONS
5 IMPOSED BY THE LEGISLATION OR REGULATIONS REFERENCED UNDER
6 SUBSECTION (B) OF THIS SECTION.

7 (3) TO CLAIM THE CREDIT ALLOWED UNDER THIS SECTION, AN
8 OWNER OF AGRICULTURAL LAND SHALL PROVIDE TO THE COMPTROLLER WITH
9 THE OWNER'S INCOME TAX RETURN FOR THE TAXABLE YEAR IN WHICH THE
10 CREDIT IS CLAIMED:

11 (I) THE APPRAISAL REQUIRED BY PARAGRAPH (2) OF THIS
12 SUBSECTION; AND

13 (II) ANY ADDITIONAL INFORMATION REQUIRED IN
14 REGULATION BY THE COMPTROLLER.

15 (D) (1) FOR ANY TAXABLE YEAR, THE CREDIT CLAIMED UNDER THIS
16 SECTION MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR.

17 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY
18 TAXABLE YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN
19 OWNER OF AGRICULTURAL LAND MAY APPLY THE EXCESS AS A CREDIT AGAINST
20 THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE FULL
21 AMOUNT OF THE EXCESS IS USED.

22 (E) THE COMPTROLLER MAY ADOPT REGULATIONS TO CARRY OUT THE
23 PROVISIONS OF THIS SECTION.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,
26 2013.