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MARYLAND DEPARTMENT OF AGRICULTURE

LEGISLATIVE COMMENT

DATE: March 12, 2019

BILL NUMBER: HOUSE BILL 1350

SHORT TITLE: PROPERTY TAX ASSESSMENTS - CONSERVATION PROPERTY - ALTERATION OF DEFINITION

MDA POSITION: INFORMATION

EXPLANATION:

This bill redefines “conservation property” for tax assessment purposes to include properties that have perpetual conservation easements sold to the Maryland Agricultural Land Preservation Foundation (MALPF), donated to Maryland Environmental Trust (MET), or sold or donated to other public or private conservation programs.

BACKGROUND INFORMATION:

The MALPF program acquires agricultural easements on properties to preserve productive farmland and woodland for the continued production of food and fiber for all of Maryland’s citizens. To accomplish this and other statutory and ancillary goals, MALPF easements restrict agricultural land from non-agricultural commercial, industrial and residential development. The Program has easements on more than 2,300 properties, covering over 316,000 acres at a public investment of more than \$740 million.

SDAT currently requires that agricultural properties be actively farmed in order to maintain valuation at an agricultural tax assessment rate. While MALPF easements ensure that the properties are available for agricultural use in perpetuity, there is no affirmative requirement in the terms of the easement that the property must be actively farmed. Once a MALPF easement, or any other permanent conservation easement, is placed on a property, that property no longer is able to be developed for residential, industrial, or non-agricultural commercial purposes. If passed, this bill would permit tax assessment adjustment for properties encumbered with easements that limit future development.

The recommended amendment will make a minor change to include all easements, whether sold or donated, as eligible for agricultural assessment regardless of the organization that holds the easement. While MALPF is primarily a purchased easement program, there have been donated easements throughout the history of the program. Similarly for MET, while it is primarily a donated easement program, it holds or co-holds easements for which consideration was paid. By amending the bill language to include both sold or donated easements, there would be no distinction in agricultural assessment eligibility across the programs.

If you have additional questions, please contact Cassie Shirk, Director of Legislation and Governmental Affairs, at cassie.shirk@maryland.gov or 410-841-5886.