

The Maryland Agricultural Land Preservation Foundation

FY 2016 Annual Report

**More than 300,000 acres
permanently preserved!**



From the Executive Director

Carol S. West



In the FY 2015 Annual Report, I said that we were close. Well, we did it. As of June 30, 2016 MALPF has permanently preserved 300,916 acres! That's 29% of the State's goal to preserve 1,030,000 acres by the year 2020.

This milestone would not have been possible without the support of Governor Hogan and many former governors and legislators, past and present, who worked tirelessly to continue to fund the program.

The Maryland Department of Agriculture Administration has always kept the program at the forefront and has supported us 100 percent. I give much thanks, praise and credit to our Board of Trustees and the incredible MALPF staff and attorneys.

Let me not forget the many sister agencies and programs who share our goals and visions and have continued the fight to keep our programs funded. Last, but most certainly not least, the 2,218 forward-thinking landowners of the State who have realized their dream of leaving a legacy of farming for future generations. Thank you all. I look forward to the next 300,000 acres!

Last year I had so much fun interviewing and writing about the Redden family in Worcester County that I decided to try it again. For this year's Annual Report, I am featuring two Allegany County easement properties in the Landowners' Corner section. See page 8 for the article.

For the fifth time MALPF is combining two fiscal years (2017 and 2018) to conduct one easement acquisition offer cycle and maximize the number of acres to be purchased. The amount of funding available for this easement acquisition cycle will not be finalized until April, 2017 following approval of the State budget for FY 2018 and receipt of the counties commitment of funds. Right now, we are completing easement offers for our FY 2015/16 applicants. As of June 30, 2016, the Foundation has purchased perpetual preservation easements on 2,218 farms, totaling about 300,916 acres at a total public investment of more than \$682 million.

As of the publishing of this report, Governor Hogan has appointed someone to fill the last open Board of Trustees position. The Board is now fully staffed and we are ready to handle any and all requests that will come our way.

How to Get into the Preservation Program

The Maryland Agricultural Land Preservation Foundation (MALPF or the Foundation), in existence since 1977, is one of the most successful programs of its kind in the country. Its primary purpose is to preserve sufficient agricultural land to maintain a viable local base of food and fiber production for the present and future citizens of Maryland. The program purchases perpetual agricultural conservation easements on eligible farmland throughout the state. Below are the eligibility criteria and procedures for the sale of an easement.

Size: The minimum easement size is 50 contiguous acres. If a property is less than 50 acres, a landowner may be eligible to apply and should visit our website to review Fact Sheet Five, “Small Properties in the Agricultural Preservation Program,” or confer with the local program administrator. If a property is contiguous to an existing easement, the landowner may apply to sell an easement regardless of the acreage.

Productivity: An easement is purchased on land that is either currently being used for producing food or fiber or has the capability to do so. Woodland management and harvesting operations are eligible to join this program. The productivity of the soil as measured by the USDA’s Soil Conservation Service Land Classification System is a major criterion. Soil requirements for the property to qualify to participate in the program are:

- At least 50 percent of the land shall classify as Class I, II or III soils; or,
- If the land is wooded, 50 percent of the land is classified as Woodland Group 1 or 2 soils; or,
- If the reason the land could not meet the above conditions was because of flood-plain or wetland soils, those areas could be excluded as a percentage of land; or,
- If there is an insufficient percentage of Class I, II or III soils alone and there is an insufficient percentage of Woodland Groups 1 and 2 soils alone, the land would qualify if the combination of the two exceeded 60 percent; or,
- Land with lower soil capabilities may qualify under certain conditions.

Location: Land that lies within the boundaries of a ten-year water and sewer service area plan is generally not eligible unless it has extraordinary productive capability and is of significant size.

Local Criteria: The criteria listed above are the minimum eligibility standards set by the state. The program is administered by county and state in an equitable partnership. The county may impose criteria which could be in addition to or more stringent than the state criteria.

2016 Legislative Update

SB137/HB276 - Income Tax Credit - Preservation and Conservation Easements

Pursuant to Maryland Ann. Statutes Tax-General Article § 10-723, an individual who conveys an easement donation to MET, MALPF or DNR is able to claim a tax credit against the state income tax. The legislation amends the statute giving a member of a pass-through entity, such as “a member of an S Corporation, a general or limited partnership, a limited liability company [as long as the LLC is not taxed as a corporation] or a beneficiary of a business trust or a statutory trust [as long as the trust is not taxed as a corporation]” the ability to claim the tax credit for conveyance of an easement to MET, MALPF or DNR.

While this is a good tax incentive for MALPF applicants who operate as a small business, the legislation provides that the tax credit is allowed for the same year that the Board of Public Works approves the transaction. Because of the timing involved in MALPF transactions, MALPF will seek to have the new law amended to better serve MALPF applicants.

SB 306/HB833 - Agricultural Land Transfer Tax - Calculation

This legislation alters the way in which the agricultural land transfer tax is calculated by clarifying that the “total rate of tax” includes the rate of tax imposed for the agricultural land transfer tax plus the county transfer tax rate, but does not include the statutorily mandated 25% surcharge.

SB383/HB462 – State Transfer Tax - Distribution of Revenue

Arguably the most beneficial bill for the MALPF program to pass in the 2016 legislative session, this legislation provides that the POS Fund will be reimbursed for \$90 million that was transferred to the General Fund in 2006. MALPF will receive its statutory 17.05% share of the reimbursement as follows:

- FY 2019 – 2021: MALPF will receive \$3,580,500/year.
- FY 2022 – 2024: MALPF will receive \$1,023,000/year.

By this legislation, amounts that were statutorily slated to be transferred from the POS Fund to the General Fund have been reduced by \$20 million for each of FYs 2017 and 2018, 17.05% of which will be added to the MALPF appropriation.

The legislation also provides a formula by which any funds which may be transferred from the POS Fund to the General Fund in FYs 2016, 2017 or 2018 are to be repaid to the POS Fund at the rate of: 1/3 by June 30, 2021, 1/3 by June 30, 2025 and the remaining 1/3 by June 30, 2029. MALPF will receive 17.05% of that reimbursement.

Finally, the legislation provides that in FY 2018, \$5 million will be disbursed to MARBIDCO for creation and operation of the Next Generation Farmland Acquisition Program originally created under the statute governing MALPF, but not previously funded. As of November, 2016, MARBIDCO had conducted several meetings garnering input from a wide array of state and local preservation programs, so that the Program will be poised and ready to launch when it receives its allotted funding.

Easement Acquisition Costs - FY 2016

As of June 30, 2016

FISCAL YEAR	NO. OF FARMS	ACQUISITION COST	ACRES
FY 1977 - 2006	1,708	\$342,578,700	236,259
FY 2007	70	\$40,297,919	9,592
FY 2008	106	\$78,270,208	13,810
FY 2009	79	\$68,588,962	9,787
FY 2010	68	\$52,814,641	8,816
FY 2011	14	\$6,783,740	1,527
FY 2012	41	\$21,217,570	4,692
FY 2013	16	\$7,925,597	1,773
FY 2014	52	\$26,302,733	6,117
FY 2015	33	\$19,569,931	4,324
FY 2016	31	\$17,719,957	4,219
TOTAL	2,218	\$682,069,958	300,916

Easement Acquisitions - FY 2016

As of June 30, 2016

COUNTY	NUMBER OF EASEMENTS	TOTAL NUMBER OF ACRES	ACQUISITION COST		AVERAGE FARM SIZE IN ACRES
			AVERAGE PER ACRE	TOTAL	
Baltimore	6	381	7,271	2,770,146	64
Caroline	1	333	2,124	707,399	333
Charles	1	177	8,116	1,436,619	177
Dorchester	1	181	3,476	629,169	181
Frederick	8	1015	4,479	4,550,400	127
Garrett	1	135	2,387	322,275	135
Harford	3	233	6,259	1,464,565	78
Kent	1	221	3,246	717,473	221
Queen Anne's	2	384	3,867	1,485,081	192
St. Mary's	2	145	2,995	434,250	73
Somerset	1	285	2,248	640,821	285
Talbot	1	233	3,773	879,169	233
Washington	1	186	3,911	727,500	186
Wicomico	1	131	4,552	596,250	131
Worcester	1	179	2,005	358,840	179
TOTALS	31	4219	60,709	17,719,957	

Total Easements Acquired - FY 2016

As of June 30, 2016

County	Total Easements Acquired			PERCENT OF TOTAL
	Number	Acreage	Cost	
Allegany	8	1113	\$2,402,621	0.37%
Anne Arundel	41	5,144	\$20,317,283	1.71%
Baltimore	227	23,496	\$80,713,930	7.81%
Calvert	35	4,715	\$12,267,678	1.57%
Caroline	223	32,536	\$33,336,937	10.81%
Carroll	364	43,094	\$90,408,016	14.32%
Cecil	99	14,616	\$35,334,195	4.86%
Charles	49	7,477	\$28,525,103	2.48%
Dorchester	87	13,974	\$17,494,291	4.64%
Frederick	136	20,712	\$47,361,855	6.88%
Garrett	55	6,849	\$9,452,452	2.28%
Harford	134	14,074	\$40,321,665	4.68%
Howard	32	4,060	\$7,733,591	1.35%
Kent	95	18,033	\$36,197,706	5.99%
Montgomery	31	4,754	\$18,465,408	1.58%
Prince George's	18	1,651	\$14,286,706	0.55%
Queen Anne's	166	28,464	\$46,826,999	9.46%
St. Mary's	114	11,646	\$47,009,485	3.87%
Somerset	46	5,520	\$7,494,841	1.83%
Talbot	76	11,844	\$29,091,443	3.94%
Washington	79	12,927	\$33,053,353	4.30%
Wicomico	58	7,209	\$12,264,458	2.40%
Worcester	45	7,008	\$11,709,944	2.33%
TOTALS	2,218	300,916	\$682,069,960	100.00%

Landowners' Corner:

A County Celebrates Its Oldest & Newest Easements

After spending time with the Redden family in Worcester County last year, Kim and I decided to visit with a family on the northwest side of the State. I was looking forward to the road trip because it was the time of year when I knew the foliage would be a brilliant display of fall colors. I was a little disappointed. Mother Nature hadn't yet prepared her usual feast of red, orange, yellow and brown hues. But, she did hold back the serious rain, and for that we were thankful.

We ended up in Allegany County and had the privilege to speak with not one, but two MALPF easement owners. Dave Dorsey, the County Program Administrator, arranged and chauffeured us to meet with Edwin Beal and his wife Ohlee, and Amanda Paul and her husband Sam White. Both properties are beef cattle operations, and used to be part of what was formerly known as the 'Arnold Settlement.' However, the similarities end there.



Edwin and Ohlee Beal

EDWIN AND OHLEE BEAL

Our first stop was the property of Edwin and Ohlee Beal. Ohlee had to move aside several little kittens that were camped out on the porch before she could welcome us into their home. It was warm and cozy inside--a welcome change from the cold drizzle that we had just driven through. The kittens were a surprise addition to the family but were obviously much loved. After all, what farm is complete without a few cats running around.

Brothers Edwin and Jay, along with Edwin's son, Todd, were the original sellers of the easement. Jay has since passed away and Edwin and Todd are the current owners. Todd lives in Montana and is not currently involved with the farm operation. This easement was the most recent one settled in the county.

The farm was originally purchased by Edwin's grandfather in 1898. Since the family has maintained continuous ownership for more than 100 years, I suggested they apply for the Century Farm Program. The Program recognizes Maryland's agricultural heritage of farm families who have operated the same farm for a century or longer. The Century Farm Program sign would look great next to a MALPF easement sign as you enter the property, and would be an outward sign of the family's commitment to agriculture – one sign acknowledging the past and one looking forward to the future.

MALPF easement recipients can spend the proceeds of their easement sale in any way that they wish.



Many chose to reinvest the funds into the farm. This is evident by a new barn and tractor located on the 157 acre property. Edwin said that “the new barn wouldn’t have happened without the easement money.”

The current use of the property is livestock (50 head of beef and dairy cattle and a pig that Kim just couldn’t resist introducing herself to); 100 acres of hay production, of which some is sold but the majority is used on the farm; and about 13

acres of corn. Wet weather made it so that the corn had to be planted late this year but once in the ground, the harvest was very good. Edwin’s father milked cows his entire life and his brother later switched the operation to beef.

The Maryland Agricultural Water Quality Cost-Share (MACS) Program provides farmers with grants to cover up to 87.5 percent of the cost to install conservation measures known as best management practices (BMPs) on their farm to prevent soil erosion, manage nutrients and safeguard water quality in streams, rivers and the Chesapeake Bay. Edwin has taken advantage of the program to help him purchase a new fence, well, and water troughs for the cattle.

9

When asked what they wanted readers to know about their farm, Edwin replied that they are a small operation and they operate the farm without a mortgage. The easement money made it possible to purchase some equipment (tractor, bailer and corn picker) and build the barn without having to borrow. For that, they are grateful. He also shared that the love of the farm is continuing through subsequent generations. Son, Twain, lives nearby and helps with the farm operation. Twain’s daughters, one of whom lives in the original stone house on the property, love animals. Megan has 5 dogs, 2 goats and a pot belly pig while Erin has 3 alpacas. Looks to me like there could be another 100 years of family ownership ahead.

“[Our] new barn would not have happened without the easement money.”

- Edwin Beal, farmer

AMANDA PAUL AND SAM WHITE

Our next stop was just down the road. We were greeted by a barn with two beautiful barn quilts and a poem painted on the side. Kim and I couldn’t leave without finding out the story behind these paintings.

Amanda’s grandfather, Wilbert Paul, was the original seller of the easement. He later developed Leaning Pine Farm Inc. which included his children, Nancy Hobbs, Jim Paul and Gene Paul. Amanda became the operator of the farm after the passing of Wilbert, Jim and Gene. Today she serves as President of Leaning

Pine Farm, LLC. The business includes six other family members. Amanda is the third generation to own the easement and her pride and joy in owning and operating the farm is evident in the way she looks at the land as we talk.

Wilbert Paul was a catalyst for agriculture in the county and the longest tenured member of the Allegany County Soil Conservation District Board. The Paul easement was the first one to settle in Allegany County and one of the first in the State. The farm was originally purchased by Paul in 1939 183 acre. It was a dairy cattle operation that was changed over to beef in 2003. Amanda and Sam supported the change and they currently have about 90 head that are grass-fed.

As a ‘subsequent owner’ of the easement, Amanda understands that when the property ownership passed to her she did not retain some of the rights that were afforded to her grandfather--including the ability to build a home for herself and Sam to live in. But, that is okay with them. They reside in one of three houses



Amanda Paul and Sam White

that existed on the 177 acre property when the easement was purchased. It is a lovely stone home that was built in circa 1810 and that they are in the process of restoring and renovating. There are also two log cabins on the property that were constructed in the 1780’s. Together Amanda and Sam are working on some possible future uses of the log cabins to generate additional income.

Their beef is sold to local residents directly from the farm. They also sell to a local market called ‘Wholesome Harvest’ and a farm-to-table restaurant in Frostburg called SHIFT. At SHIFT their beef is sold under the name ‘Leaning Pine Burger’ and is one of the restaurant’s best sellers. Dave had one for lunch and said that it was delicious!

In addition to the cattle, they planted raspberry cane as a supplement to the beef venture. Since I’m not a farmer, they explained to me that ‘raspberry cane’ is the stem. When they are put into the ground, they grow and spread and you might get 10 plants out of one stem. The 363 raspberry cane that were planted last year will turn into a couple thousand plants. They are a combination of summer bearing and fall bearing plants, so it is a long harvest season. They also have some greenhouses that are used to grow vegetable plant seedlings.

Sam has an interest in possibly pursuing a farm brewery in the future. There aren’t any breweries in Cumberland or Frostburg, which makes their property an ideal location.

One of the outbuildings on the property is a large, new barn that was constructed in 2009 with federal and state grant funds. It is the conversion of an old milk barn into a cattle barn where calves and round bales are stored and fed. It also has an anaerobic digester of manure. Sam calls it “the County’s largest

privately-owned compost bin.” Having the anaerobic digester meets their requirements for having livestock within the Chesapeake Bay watershed. The barn was constructed to replace an old (circa 1900) bank barn that was lost in a fire. When asked the square footage of the barn, Amanda responded “Big.” She’s right. It is huge!

Sam told us that they use square bales because round bales would have to be stored outside and there would be a lot of mud when the calves are fed. Because of the makeup of the soils on the property (topsoil over a layer of clay) he let us know that “In the tradition of Wilbert Paul, there is no mud made on the farm if it can be avoided.” Although many farmers believe that grass-fed cattle don’t grow as fast as grain-fed ones, Sam and Amanda’s process assure that their cattle grow as fast and as large as everyone else’s.

With Amanda and Sam’s passion and commitment to the farm, I have no doubt that they, too, will one day be applying to the Century Farm program.

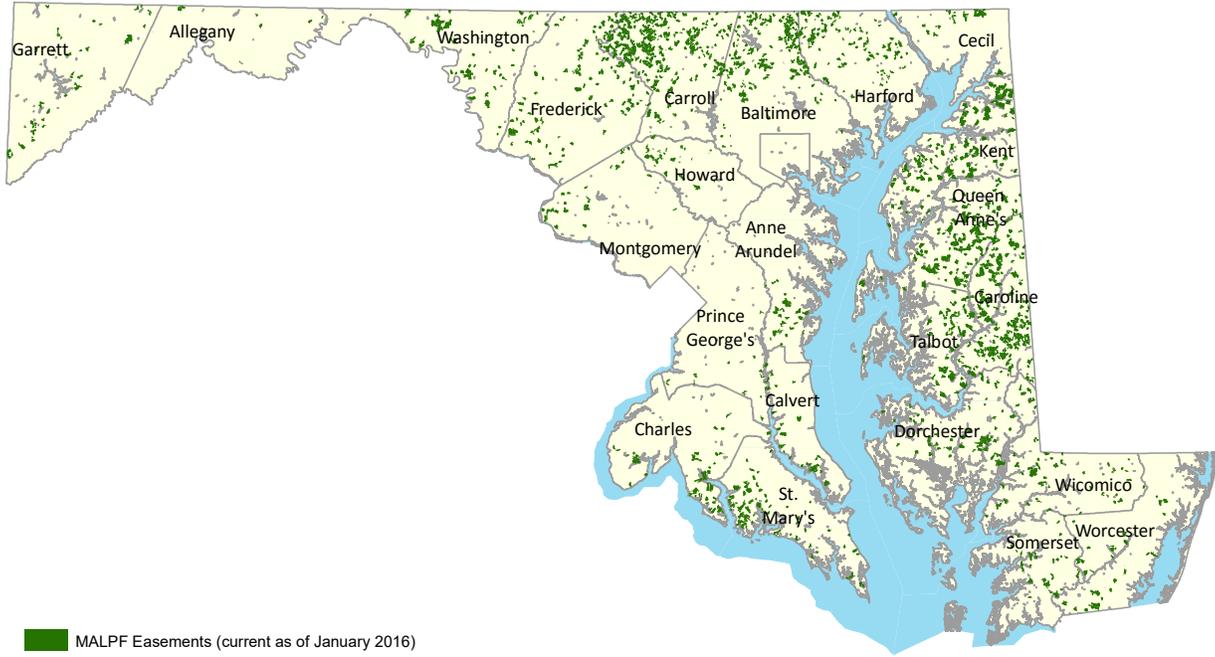
11

So – about the barn quilt: After the barn was built, they were contacted by the Maryland Art Council. The Council had a grant and were attempting to put a painting on at least one barn in each county. Bill Dunlap, a local artist, painted the quilts and a local poet, Nina Forsythe, wrote the poem. The Council was able to do one barn in Garrett County and some on the eastern shore, but weren’t successful in placing at least one in every county.



MALPF State Map - 2016

Maryland Agricultural Land Preservation Fund Easements



MARYLAND DEPARTMENT OF
PLANNING

0 15 30 60 Miles



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