

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 94

(Senator Miller, *et al.*)

Budget and Taxation

Ways and Means

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Prince George's County - Property Tax Credits - Agricultural Land Preservation Programs

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This bill authorizes Prince George's County to grant a property tax credit for agricultural land, including any farm improvement used in connection with an approved agricultural activity, that is subject to a State or county agricultural land preservation program. Property owners who are granted the property tax credit but subsequently withdraw the property from a State or county land preservation program are liable for property taxes that would have otherwise been paid (up to 10 years), including interest and a penalty. The county is authorized to provide, by law, any procedural or enforcement provision necessary to carry out the administration of the tax credit.

The bill takes effect June 1, 2008 and is applicable to all taxable years beginning after June 30, 2008.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** If a property tax credit is granted, Prince George's County property tax revenues could decrease by approximately \$11,000 in FY 2009 and \$17,600 by FY 2013. Expenditures would not be affected.

**Small Business Effect:** Potential meaningful.

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## Analysis

**Current Law:** Prince George’s County is authorized to grant a number of property tax credits for real property • owned by specified nonprofit community civic associations; • owned by the Piscataway Hills Citizens Association; • that is improved to promote housing, community redevelopment, and business revitalization; • used by the property owner to provide child care for the children of at least 25 employees; • owned or leased by the American Center for Physics; and used only for nonprofit activities relating to the advancement and diffusion of the knowledge of physics and its application to human welfare; • owned by the Kettering-Largo-Mitchellville Boys and Girls Club; and • adversely impacted by its proximity to a refuse disposal system.

The county is required to grant a property tax credit for specified property owned by the Maryland Jaycees, and the Prince George’s County Chamber of Commerce Foundation.

**Background:** Twelve counties and Baltimore City have either mandatory or optional property tax credits for specified agricultural land as shown in **Exhibit 1**.

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### Exhibit 1 Local Property Tax Credits for Specified Agricultural Lands

<u>County</u>	<u>Tax Credit Description</u>
Anne Arundel	real property subject to the State or county agricultural land preservation program (optional)
Baltimore City	credit for property tax imposed on certain real property subject to a perpetual conservation easement donated to the Maryland Environmental Trust on or before June 30, 1986 (mandatory)
Baltimore	agricultural land located in an agricultural preservation district, subject to specified conditions and restrictions (optional)
Calvert	(1) agricultural land located in an agricultural preservation district (county and municipal – mandatory); (2) credit for tax imposed on building located on land that qualifies for an agricultural use assessment and is used in connection with a recognized and approved agricultural activity (optional)
Caroline	credit of up to 75% of the county tax imposed on agricultural land located in an agricultural preservation district, subject to specified conditions and restrictions (optional)

**Exhibit 1 (cont'd)**

Charles	(1) agricultural land located in an agricultural preservation district; (2) buildings, other than tobacco barns, located on land that qualifies for an agricultural use assessment and used in connection with a recognized and approved agricultural activity (optional)
Dorchester	(1) agricultural land subject to a nutrient management plan; (2) agricultural land located in an agricultural land preservation district or subject to a land preservation easement; (3) forest land subject to a forest management plan (optional)
<b><u>County</u></b>	<b><u>Tax Credit Description</u></b>
Frederick	(1) 100% property tax credit for agricultural preservation land; (2) credit for tax imposed on building located on land that qualifies for an agricultural use assessment and is used in connection with a recognized and approved agricultural activity (optional)
Harford	(1) real property tax on property that is used primarily for an agricultural purpose and does not have an agricultural use assessment; (2) land located in specified agricultural districts or becomes subject to a MALPF easement after July 1, 1988; (3) specified property located in the Harford County Agricultural Land Preservation Program after July 1, 1993, subject to specified conditions and restrictions (optional)
Howard	credit for property tax imposed on real property that is subject to the county's agricultural land preservation program (optional)
St. Mary's	(1) real property subject to Maryland Agricultural Land Preservation District Program or the St. Mary's Agricultural Land Preservation District five-year program; (2) property that was solely used as a tobacco barn and is subject to the tobacco buyout (optional)
Washington	credit for property tax imposed on real property that is subject to the county's agricultural land preservation program (optional)
Wicomico	agricultural land and agricultural easements located in an agricultural preservation district (optional)

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**Local Fiscal Effect:** Approximately 1,675 acres of agricultural land in Prince George's County are currently subject to a State or local conservation easement, including the Maryland Agricultural Land Preservation Foundation (MALPF) easements, Maryland Environmental Trust (MET), Rural Legacy, and Prince George's County Soil

Conservation District easements, which could be eligible for the property tax credit proposed by the bill. Land subject to a perpetual agricultural land preservation easement is assessed at \$500 per acre or less, depending on whether the land is being farmed. Assuming the maximum assessment of \$500 per acre, Prince George’s County property tax revenues could decrease by approximately \$11,000 in fiscal 2009 and \$17,600 in fiscal 2013, if such a tax credit is granted.

**Exhibit 2** shows the estimated effect on Prince George’s County property tax revenues assuming an additional 250 acres of land becomes subject to any of the various State or county conservation easements each year.

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**Exhibit 2**  
**Effect of SB 94 on Prince George’s County Revenues**

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Property Tax Rate	\$1.319	\$1.319	\$1.319	\$1.319	\$1.319
Assessed Value Per Acre	\$500	\$500	\$500	\$500	\$500
Total Acreage	1,675	1,925	2,175	2,425	2,675
Total Assessed Value	\$837,500	\$962,500	\$1,087,500	\$1,212,500	\$1,337,500
Property Tax Decrease	(\$11,047)	(\$12,695)	(\$14,344)	(\$15,993)	(\$17,642)

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**Small Business Effect:** Small businesses that hold agricultural land in a State or local land preservation program could realize a reduction in local property taxes.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Prince George’s County, State Department of Assessments and Taxation, Maryland Department of Planning, Maryland Department of Agriculture, Department of Legislative Services

**Fiscal Note History:** First Reader - January 28, 2008  
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