

**Office of the County Auditor**  
**Auditor's Analysis - REVISED**

**Council Bill No. 55-2021**

Introduced: July 6, 2021

Auditor: Owen Clark

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Fiscal Impact:

The estimated maximum operating fiscal impact of this legislation is as follows:

- Potential General Fund future impact:

Annual General Fund Revenue	305,000
HCPSS Pupil/Educational Costs	(236,000)
<b>Annual Net Increase in General Fund Revenue</b>	<b>\$ 69,000</b>

- One-time revenues \$1,196,000
- Annual non-general fund revenue \$68,000

**Note:** The potential General Fund impact only includes pupil costs of the Howard County Public School System (HCPSS) and does not include any possible capital costs or operating costs associated with the capital costs. See **Attachment A** for details related to the assumptions used for the estimates noted above.

To determine the potential maximum impact, the Administrator of the Agricultural Preservation Program (the Administrator) identified owners of 19 parcels that could create additional landowner dwellings due to changes in Section 15.514(c)(3)(ii).

The above estimate notes the fiscal impact if owners of all 19 parcels choose to create these landowner dwellings in the future. However, the actual fiscal impact will be predicated on the number of residential lots and dwellings that easement holders will elect to create as a result of this change. Per the Administrator, it is unlikely that this maximum impact will be recognized.

Purpose:

The purpose of this legislation is to amend Section 15.514(c)(3)(ii) of the County Code to reduce the acreage requirement for building a landowner dwelling for newly acquired Agricultural Land Preservation Program (ALPP) parcels from 50 acres to 20 acres. The proposed change would enable the construction of a landowner dwelling on smaller parcels.

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Other Comments:

Per the Administrator:

- On February 22, 2021, the Howard County Agricultural Preservation Board (APB) reviewed this proposed change as a component of Council Bill 19-2021. The APB voted in favor of recommending the change with no concerns being noted.
- There is no procedure or process document for creating a principal dwelling. Once the applicant receives APB approval for the house location, there is no other role or approval needed from the ALPP.

## Attachment A - REVISED

### *Breakdown of revenue associated with removal of the 50-acre requirement*

- Increased revenue from creation of 19 additional landowner dwellings due to changes in Section 15.514(c)(3)(ii):

Annual Revenue Sources	
Property Tax	221,000
Local Income Tax	84,000
<b>Total</b>	<b>305,000</b>

One-Time Revenue Sources	
County Transfer Tax**	0
Recordation**	0
School Surcharge	997,000
Road Excise Tax	199,000
ALPP Easement Release Revenue*	0
<b>Total</b>	<b>1,196,000</b>

Non-General Fund Revenue Sources	
Fire Tax	51,000
Ad Valorem	17,000
<b>Total</b>	<b>68,000</b>

### *Assumptions Used in Calculations*

Housing Type	Average Square Feet	Average Sales Price (\$)	Assumed Taxable Income (\$)
SFD Rural West	6,999	1,145,051	138,690

### *Increase in Pupil/Educational Costs*

<b><u>ESTIMATED EDUCATIONAL COST PER 2020 APFO SCHOOL CAPACITY CHARTS</u></b>					
Potential Impact	Allocations	Unit Type	Estimated Total Yield	Cost Per Pupil	Estimated Education Cost
19 Landowner Dwellings	19	SFD	15.4	15,340	235,594

\* Office is assuming ALPP Easement Release Revenue will not be paid to the County by landowners because establishing a landowner dwelling does not require the parcels to subdivide from their preservation easement.

\*\* Not Applicable. Since no subdivision of land is associated with the additional landowner dwellings, our estimate assumes they will not yield any additional County Transfer Tax, Recordation Tax, or Easement Release Revenue since these dwellings are assumed to be built on ALPP lots for the existing owner.