

Office of the County Auditor
Auditor's Analysis

Council Resolution No. 36-2020

Introduced: March 2, 2020

Auditor: Owen Clark

Fiscal Impact:

The passage of this resolution will have no immediate fiscal impact on the County.

However, there would be a fiscal impact in the future as new parcels are enrolled in the Agricultural Land Preservation Program (ALPP) using the new price formula worksheet. We are unable to quantify this fiscal impact as the point scoring of a parcel does not take place until or immediately before its application is submitted to the County.

Purpose:

This resolution will amend the purchase price formula that determines the price the County will pay for the development rights of a parcel under the ALPP.

Notable changes include:

- Revising nine of the existing point criteria items.
- Removing points for parcels located in the RC District or those with road frontage.
- Reinstating points to be assigned by the Agricultural Preservation Board (APB).

Other Comments:

Our office has informed the Administration that the numerical order of items on page two of the Price Formula Worksheet in Exhibit A is not sequential. The Administration indicated this will be corrected and it will consider an amendment to do so.

The Department of Planning and Zoning (DPZ) performed a point scoring comparison of six properties that are currently enrolled in the ALPP (see Table 1, attached). Five of the six properties showed an increased price per acre under the proposed Price Formula Worksheet. In total, this comparison showed an average increase in the proposed price per acre of \$3,953.

We inquired to DPZ as to what criteria will be used to distinguish between the point categories in item 8 of the proposed Price Formula Worksheet, which concerns Soil Conservation and Water Quality Plans. It referred us to the Howard Soil Conservation District (SCD) because the SCD developed this item's language and will perform its scoring. Please see their response in Attachment A.

The Agricultural Preservation Board (APB) decided to reduce the potential points awarded for parcels that protect the Green Infrastructure Network (GIN) from 100 to 10 points. Some board members believe the GIN is not relevant to farming and, consequently, were not comfortable with 100 points being available. Moving consideration of the GIN to item 3 on the APB optional points sheet was the board's compromise.

Per inquiry to DPZ, the ALPP Administrator will complete the Price Formula Worksheet with the assistance of Howard Soil Conservation District (SCD) staff. The Department of Planning and Zoning indicated this occurs during the application process, but DPZ often offers to score prior to the application as a courtesy.

Per DPZ, the 'Optional APB Points' will be assigned for every parcel that submits an ALPP application. It expects the APB to discuss and assign these points during its required public meeting for each applicant property.

The current ALPP acquisition cycle was funded in the Fiscal Year 2014 capital budget with \$50 million of transfer tax proceeds, which would be used to purchase Installment Purchase Agreements. The Administration indicated there is \$22.6 million remaining from this funding that can still be used to purchase the development rights of additional parcels.

At the State level, the Howard County Delegation has introduced **Maryland House Bill 1454**. This bill would authorize a transfer tax rate increase and require that collections attributable to an increase be distributed to the County General Fund for certain purposes. We would like to note this bill does not authorize proceeds from a transfer tax increase to be used towards the Agricultural Land Preservation Fund. However, the bill does not change the rate of transfer tax funding that had been previously recognized by the fund.

Attachment A

Based on the subjectivity of item 8 of the proposed Price Formula Worksheet, the Auditor's Office inquired to the Howard Soil Conservation District (SCD) as to how they would determine an applicant's eligibility for each point category. Please see David Plummer's (the SCD District Manager) response below:

"In regard to scoring item number 8 on the Ag Preservation evaluation worksheet, this process has been evolving recently and we are still ironing out some of the details regarding the breakdown for each category. The subjective nature of this item makes it much more difficult to evaluate than the other items on the worksheet. The SCD discussed this difficulty with the Agricultural Preservation Board (APB), and the APB indicated that they wanted applicants to receive some credit for a history of practicing good stewardship on the land. So this was the best attempt at trying to capture a farmer's commitment to sound conservation. The APB indicated that they will assist in the determination of point values based on information provided by SCD.

In general terms I believe the point values would break down as follows:

100 Points – 10+ years involvement w/SCD, 75%+ of SCWQ [Soil Conservation and Water Quality] Plan implemented. No resource concern on the farm (erosion, manure/nutrient issues, streams fenced, etc)

75 Points – less than 10 years working w/SCD, 50%+ of SCWQ Plan implemented; OR Landowner doesn't have relationship with SCD, but has implemented many practices on their own over the years

50 Points - less than 3 years working w/SCD, has been active in implementing BMPs [best management practices] in a short period of time; OR owned property for less than 3 years, but has made considerable progress in implementing BMPs

0 Points – No relationship/new landowner/new SCWQ Plan

As I mentioned, I anticipate that this will be an ongoing process in cooperation between SCD and the APB/staff to iron out each of these very subjective categories."

Table 1
Test Properties Comparison 3/2/2020

Tax Map/Parcel	Acres	Actual Points**	Price Per Acre Paid	Proposed Points**	Proposed Per Acre	Difference	
						Per Acre	Gross *
21/13	168	836	\$33,440.00	700	\$28,000.00	-\$5,440.00	-\$913,920.00
2/75	109	760	\$30,400.00	850	\$34,000.00	\$3,600.00	\$392,400.00
8/2	59	704	\$28,160.00	875	\$35,000.00	\$6,840.00	\$403,560.00
19/12	57	712	\$28,480.00	925	\$37,000.00	\$8,520.00	\$485,640.00
20/81	30	618	\$24,720.00	725	\$29,000.00	\$4,280.00	\$128,400.00
7/483	21	652	\$26,080.00	800	\$32,000.00	\$5,920.00	\$124,320.00

*This column was added by the Auditor's Office to indicate the gross change of the parcel's gross price

**For consistency, neither column includes the items under the "Additional Points" section:

- Additional Points under the current formula could result in 200 additional points, which amounts to \$8,000 per acre
- Additional Points under the proposed formula could result in 100 additional points, which amounts to \$4,000 per acre