

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

**Council Bill No. 26-2021**

Introduced: April 5, 2021

Auditor: Michael A. Martin

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Fiscal Impact:

The fiscal impact of this legislation is approximately \$861,292 in expenditures from the Agricultural Preservation Fund over the next 20 years to acquire an agricultural preservation easement on private County property.

The General Fund would also be affected as a result of an estimated annual property tax credit of \$3,907. The Agriculture Property Tax Credit for this parcel would begin the tax year starting July 1, 2022.

Anticipated financing and payment terms of this acquisition include a 5 percent down payment of \$39,300, twenty annual principle payments of \$37,335, and semi-annual interest payments of 1 percent of the outstanding principle. **Attachment A** provides the detailed Installment Purchase Agreement (IPA) amortization schedule.

Transfer tax proceeds from the Agricultural Preservation and Promotion Fund (APPF) will be used to make the payments associated with this acquisition.

**NOTE:** Our Office has reviewed the Administration's estimated amortization schedule for this IPA and believe it accurately depicts the terms of the agreement.

The Administration confirmed this acquisition was included in the latest APPF cash flow analysis and will not result in a decrease in future projected fund balances. The APPF cash flow can be found in **Attachment B** and is current as of March 2021.

In comparing the portion of actual APPF transfer tax revenues with projections noted in the March 2021 APPF Cash Flow Statement, our office notes the following:

- Fiscal year-to-date APPF revenues are \$6,637,687 through April 8, 2021, while the County's most recent cash flow projection for Fiscal Year 2021 is \$9,575,000.
- During FY 2020, \$10,035,244 was recognized in APPF transfer tax revenues, which exceeded the FY 2020 projected amount of \$5,433,000.

An appraised value or alternate use of a parcel is not considered when determining the cost per acre of a potential agricultural preservation easement.

Purpose:

This legislation allows for a multi-year Installment Purchase Agreement in which the County will acquire the development rights of approximately 30 acres of agriculture land located on Driver Road in Marriottsville for a maximum price of \$786,000 or not more than \$26,200 per acre.

Other Comments:

The Agricultural Land Preservation Program (ALPP) Capital Project G0163 will be utilized to fulfill this Installment Purchase Agreement.

According to the Approved FY 2021 Capital Budget, the County's ALPP has funded \$28.7 million in Installment Purchase Agreements for 15 properties, totaling 1,020 acres, equating to approximately \$28,100 per acre.

The County's cost per acre is determined using a Price Formula Worksheet that awards points based on the applicant parcel meeting certain criteria. Each point is valued at \$40 per acre, and this parcel's Price Formula Worksheet was scored at 655 points (see **Attachment C**). Our Office verified this parcel's cost per acre of \$26,200 based on the 655 points awarded in the Price Formula Worksheet.

The Agricultural Preservation Board (APB) unanimously voted in favor of recommending the acquisition of this preservation easement on January 25, 2021.

The Administration previously indicated there were no plans to acquire additional agricultural preservation parcels in FY 2021 during our analysis of the Lowrey easement acquisition via Council Bill 16-2021. However, it has now confirmed that there are several other parcels in the approval pipeline which may reach settlement in FY 2022. The current ALPP cash flow analysis assumes an additional 800 acres would be purchased in the future.

The total transfer tax revenue for FY 2020 was \$40,140,976 versus a budget amount of \$30,000,000, while the total transfer tax revenue for FY 2021 year to date (as of April 8, 2021) is \$33,188,437 versus a budget amount of \$31,292,000.

Howard County, Maryland  
Agricultural Land Preservation Program  
Installment Purchase Amortization Schedule

	Acres:	30.00
Landowner: Larry and Peggy Jo Sowell	Price per acre:	\$26,200.00
20 Year Amortization - 5% Down	Total price:	\$786,000.00
	Down Payment	\$39,300.00
Interest Rate: 1.0000%	Interest:	75,292.35
Settlement: July 15, 2021 Estimated - subject to change	Total payments:	\$861,292.35

Date	Principal Amount	Interest	Semi-annual Debt Service	Annual Debt Service	Balance
					\$746,700.00
August 15, 2021		622.25	622.25		746,700.00
February 15, 2022	37,335.00	3,733.50	41,068.50	41,690.75	709,365.00
August 15, 2022		3,546.83	3,546.83		709,365.00
February 15, 2023	37,335.00	3,546.83	40,881.83	44,428.66	672,030.00
August 15, 2023		3,360.15	3,360.15		672,030.00
February 15, 2024	37,335.00	3,360.15	40,695.15	44,055.30	634,695.00
August 15, 2024		3,173.48	3,173.48		634,695.00
February 15, 2025	37,335.00	3,173.48	40,508.48	43,681.96	597,360.00
August 15, 2025		2,986.80	2,986.80		597,360.00
February 15, 2026	37,335.00	2,986.80	40,321.80	43,308.60	560,025.00
August 15, 2026		2,800.13	2,800.13		560,025.00
February 15, 2027	37,335.00	2,800.13	40,135.13	42,935.26	522,690.00
August 15, 2027		2,613.45	2,613.45		522,690.00
February 15, 2028	37,335.00	2,613.45	39,948.45	42,561.90	485,355.00
August 15, 2028		2,426.78	2,426.78		485,355.00
February 15, 2029	37,335.00	2,426.78	39,761.78	42,188.56	448,020.00
August 15, 2029		2,240.10	2,240.10		448,020.00
February 15, 2030	37,335.00	2,240.10	39,575.10	41,815.20	410,685.00
August 15, 2030		2,053.43	2,053.43		410,685.00
February 15, 2031	37,335.00	2,053.43	39,388.43	41,441.86	373,350.00
August 15, 2031		1,866.75	1,866.75		373,350.00
February 15, 2032	37,335.00	1,866.75	39,201.75	41,068.50	336,015.00
August 15, 2032		1,680.08	1,680.08		336,015.00
February 15, 2033	37,335.00	1,680.08	39,015.08	40,695.16	298,680.00
August 15, 2033		1,493.40	1,493.40		298,680.00
February 15, 2034	37,335.00	1,493.40	38,828.40	40,321.80	261,345.00
August 15, 2034		1,306.73	1,306.73		261,345.00
February 15, 2035	37,335.00	1,306.73	38,641.73	39,948.46	224,010.00
August 15, 2035		1,120.05	1,120.05		224,010.00
February 15, 2036	37,335.00	1,120.05	38,455.05	39,575.10	186,675.00
August 15, 2036		933.38	933.38		186,675.00
February 15, 2037	37,335.00	933.38	38,268.38	39,201.76	149,340.00
August 15, 2037		746.70	746.70		149,340.00
February 15, 2038	37,335.00	746.70	38,081.70	38,828.40	112,005.00
August 15, 2038		560.03	560.03		112,005.00
February 15, 2039	37,335.00	560.03	37,895.03	38,455.06	74,670.00
August 15, 2039		373.35	373.35		74,670.00
February 15, 2040	37,335.00	373.35	37,708.35	38,081.70	37,335.00
August 15, 2040		186.68	186.68		37,335.00
February 15, 2041	37,335.00	186.68	37,521.68	37,708.36	0.00
	\$ 746,700.00	\$ 75,292.35	\$ 821,992.35	\$ 821,992.35	

Attachment B

Howard County Maryland  
Agricultural Land Preservation Program (Fund 2020)  
Cash Flow Analysis as of March 2021

Fiscal Year	Beginning Fund Balance	Revenues					Expenses							Total Ending Balance		
		Acct 485200 Interest on Cash Balance Only + 0.05%	Acct 432490 & 489900 Miscellaneous	Acct 401550 State Ag Transfer Tax	Acct 409930 Transfer Tax Receipts	Total Revenues	Existing Debt Service			Settled Open Enrollment	Projected Enrollments <sup>(2)</sup>	NET DEBT SERVICE	Cost of Zero Coupon Bonds or Cash or 5% Down <sup>(1)</sup>		Admin Costs 2.00%	Total Expenses
							Through Batch 14	Treasury Strip Income	Net							
1989*	6,354,294	706,268		481,283	3,025,054	4,212,605							312,364	312,364	10,254,535	
1990*	10,254,535	968,033		245,416	3,157,620	4,371,069	113,121		113,121		113,121	780,975	412,158	1,306,254	13,319,350	
1991*	13,319,350	973,479		120,383	2,182,444	3,276,306	1,391,632		1,391,632		1,391,632	1,286,044	512,586	3,190,262	13,405,394	
1992*	13,405,394	540,000		95,795	2,414,000	3,049,795	2,902,362		2,902,362		2,902,362	841,019	492,159	4,235,540	12,219,649	
1993*	12,219,649	425,833		307,068	2,867,643	3,600,544	3,249,157		3,249,157		3,249,157	249,855	220,083	3,719,095	12,101,098	
1994*	12,101,098	434,712		173,644	2,924,150	3,532,506	3,047,698		3,047,698		3,047,698		291,205	3,338,903	12,294,701	
1995*	12,294,701	632,862		309,360	2,638,781	3,581,003	3,764,416		3,764,416		3,764,416	1,195,984	391,596	5,351,996	10,523,708	
1996*	10,523,708	5,262	35,889	288,878	2,579,633	2,909,662	3,979,581		3,979,581		3,979,581	93,415	308,705	4,381,701	9,051,669	
1997*	9,051,669	505,856		648,547	2,807,126	3,961,529	3,976,066		3,976,066		3,976,066	756,713	344,458	5,077,237	7,935,961	
1998*	7,935,961	247,392	33,169	648,624	3,460,501	4,389,686	4,256,933		4,256,933		4,256,933		279,786	4,536,719	7,788,928	
1999*	7,788,928	427,116	12,500	936,770	4,137,528	5,513,914	4,203,247		4,203,247		4,203,247		292,169	4,495,416	8,807,426	
2000*	8,807,426	273,536	85,812	557,200	4,263,890	5,180,438	4,256,710		4,256,710		4,256,710		244,463	4,501,173	9,486,691	
2001*	9,486,691	200,000	6,200	588,231	4,352,006	5,146,437	4,174,116		4,174,116		4,174,116		318,900	4,493,016	10,140,112	
2002*	10,140,112	100,000	1,000	457,510	4,883,685	5,442,195	4,259,652		4,259,652		4,259,652	478,644	369,167	5,107,463	10,474,844	
2003*	10,474,844	100,000		986,115	5,415,733	6,501,848	4,254,375		4,254,375		4,254,375		358,480	4,612,855	12,363,837	
2004*	12,363,837	113,000		1,832,033	6,925,516	8,870,549	4,385,582		4,385,582		4,385,582		493,883	4,879,465	16,354,921	
2005*	16,354,921	110,000		608,704	8,488,301	9,207,005	4,277,428		4,277,428		4,277,428		466,400	4,743,828	20,818,098	
2006*	20,818,098	745,655		1,326,231	9,253,090	11,324,976	4,356,963		4,356,963		4,356,963		530,411	4,887,374	27,255,700	
2007*	27,255,700	1,018,815		1,663,296	7,491,284	10,173,935	4,248,809		4,248,809		4,248,809		494,635	4,743,444 #	32,685,651	
2008*	32,685,651	1,288,612	42,828	446,135	6,021,535	7,799,110	4,603,210		4,603,210		4,603,210	5,105,604	548,120	10,256,934	30,227,827	
2009*	30,227,827	535,715		55,585	4,592,745	5,184,045	4,731,892		4,731,892		4,731,892	526,928	613,380	5,872,200	29,539,672	
2010*	29,539,672	121,154	8,297	98,306	5,319,203	5,546,960	4,846,765		4,846,765		4,846,765		807,122	5,653,887	29,432,745	
2011*	29,432,745	66,497	255	39,306	5,329,914	5,435,971	4,872,648		4,872,648		4,872,648	1,141,600	958,109	6,972,358	27,896,358	
2012*	27,896,358	34,342	11,946	164,703	6,450,253	6,661,244	6,977,789		6,977,789		6,977,789	2,805,900	1,027,270	10,810,959	23,746,643	
2013*	23,746,643	27,014	1,000	104,136	6,316,161	6,448,311	7,404,920		7,404,920		7,404,920		1,097,624	8,502,544	21,692,410	
2014*	21,692,410	18,281	12,800	153,431	6,726,946	6,911,458	7,435,078		7,435,078		7,435,078	4,453,745	1,223,474	13,112,297	15,491,572	
2015*	15,491,572	23,318	7,616	162,316	7,741,048	7,934,298	7,277,546		7,277,546	612,187	7,889,733	652,495	1,071,788	9,614,016	13,811,854	
2016*	13,811,854	53,274	745	105,166	7,892,622	8,051,806	7,307,704		7,307,704	948,454	8,256,158	340,085	1,326,804	9,923,047	11,940,613	
2017*	11,940,613	45,348	600	125,326	9,476,018	9,647,292	13,753,373		7,145,173	1,021,346	8,166,518	566,130	1,469,848	10,202,497	11,385,408	
2018*	11,385,408	107,517	24,785	291,059	9,456,530	9,879,891	8,395,158		6,726,158	2,293,469	9,019,627	162,930	1,554,016	10,736,573	10,528,726	
2019*	10,528,726	290,705	6,000	314,891	7,841,755	8,453,351	7,248,477		6,489,477	2,061,143	8,550,621	1,055,414	9,606,035	9,376,042	9,376,042	
2020*	9,376,042	132,640	214,800	928,659	10,035,244	11,311,343	19,742,111		6,138,111	2,026,896	8,165,007		878,188	9,043,195	11,644,190	
2021	11,644,190	70,000	5,000	150,000	9,575,000	9,800,000	19,299,498		4,818,498	1,992,649	6,811,147		1,088,411	7,899,558	13,544,633	
2022	13,544,633	6,772		100,000	8,975,000	9,081,772	7,495,478		3,800,478	1,958,402	6,724,821	931,401	1,110,179	8,766,401	13,860,004	
2023	13,860,004	6,930		100,000	8,925,000	9,031,930	3,541,367		3,541,367	1,052,949	6,518,471		1,132,383	7,650,854	15,241,080	
2024	15,241,080	7,621		100,000	9,200,000	9,307,621	13,721,970		3,502,970	1,889,908	1,044,100		1,155,030	7,592,009	16,956,692	
2025	16,956,692	8,478		100,000	9,300,000	9,408,478	2,657,090		2,657,090	1,855,661	1,035,252		1,178,131	6,726,134	19,639,037	
2026	19,639,037	9,820		100,000	9,575,000	9,684,820	3,150,637		2,593,637	1,821,414	1,026,404		1,201,694	6,643,149	22,680,707	
2027	22,680,707	11,340		100,000	9,675,000	9,786,340	7,566,689		2,321,689	1,787,167	1,017,555		1,225,728	6,352,139	26,114,909	
2028	26,114,909	13,057		100,000	9,900,000	10,013,057	4,251,587		2,093,587	1,756,316	1,008,707		1,250,242	6,108,851	30,019,115	
2029	30,019,115	15,010		100,000	10,125,000	10,240,010	1,904,839		1,904,839	1,718,674	999,859		1,275,247	5,898,619	34,369,505	
2030	34,369,505	17,180		100,000	10,375,000	10,492,180	1,856,362		1,856,362	1,272,746	991,010		1,300,752	5,420,870	39,431,815	
2031	39,431,815	19,716		100,000	10,625,000	10,744,716	1,807,885		1,807,885	1,247,574	982,162		1,326,767	5,364,388	44,812,143	
2032	44,812,143	22,406		100,000	10,800,000	10,922,406	270,081		270,081	805,409	973,314		1,353,302	3,402,106	52,332,443	
2033	52,332,443	26,166		100,000	11,175,000	11,301,166	789,385		789,385	964,466	1,753,851		1,380,368	3,134,219	60,499,390	
2034	60,499,390	30,250		100,000	11,325,000	11,455,250	773,361		773,361	955,617	1,728,978		1,407,976	3,136,954	68,817,686	
2035	68,817,686	34,409		100,000	11,500,000	11,634,409	649,035		649,035	946,769	1,595,804		1,436,135	3,031,939	77,420,155	
2036	77,420,155	38,710		100,000	11,650,000	11,788,710	395,757		395,757	937,921	1,333,678		1,464,858	2,798,536	86,410,330	
2037	86,410,330	43,205		100,000	11,725,000	11,868,205	387,424		387,424	929,072	1,316,497		1,494,155	2,810,652	95,467,883	
2038	95,467,883	47,734		100,000	11,925,000	12,072,734	156,481		156,481	920,224	1,076,705		1,524,038	2,600,743	104,939,874	
2039	104,939,874	52,470		100,000	12,175,000	12,327,470			911,376		1,148,519		1,554,519	2,465,895	114,801,449	
2040	114,801,449	57,401		100,000	12,400,000	12,557,401			902,527		902,527		1,585,609	2,488,137	124,870,713	
<b>Total</b>		<b>11,810,911</b>	<b>511,241</b>	<b>17,314,107</b>	<b>387,392,959</b>		<b>237,218,002</b>	<b>(58,995,200)</b>	<b>178,222,802</b>	<b>32,145,015</b>	<b>18,565,224</b>	<b>228,933,041</b>	<b>22,369,467</b>	<b>47,210,291</b>	<b>298,512,799</b>	

\*Actual  
#Includes encumbrances  
Budgeted amount  
Estimated Figure per Budget  
(1) FY 2014 Includes cash payment to Cissel and Taro.  
(2) Projected settlements based on remaining capital appropriation of \$22,601,932.



## Howard County Agricultural Land Preservation Program 2020 PRICE FORMULA WORKSHEET

Owner Sowell Tax Map 10 Parcel(s) 228, 229  
 Farm Address 950 Driver Rd, Marriottsville Acres 30

**POINTS**

<b>1. Parcel Size Relative to Average Acreage of Remaining Uncommitted Land (40 acres)</b>	<b>Maximum 150 points</b>	<b>100</b>
40 acres or more _____ 150 points		
35 acres to 39.9 acres _____ 125 points		
30 acres to 34.9 acres _____ <u>30</u> 100 points		
25 acres to 29.9 acres _____ 75 points		
20 acres to 24.9 acres _____ 50 points		
<b>2. Soil Capability – Percentage of Class I, II and III Soils Relative to Property Total</b>	<b>Maximum 150 points</b>	<b>75</b>
90% or greater Class I, II and III Soils _____ 150 points		
80% to 89% Class I, II and III Soils _____ 125 points		
70% to 79% Class I, II and III Soils _____ 100 points		
60% to 69% Class I, II and III Soils _____ <u>66.40%</u> 75 points		
Less than 60% Class I, II and III Soils _____ 50 points		
<b>3. Soil Productivity as Measured by Land Evaluation Score</b>	<b>Maximum 150 points</b>	<b>75</b>
90 or greater Land Evaluation Score _____ 150 points		
80-89 Land Evaluation Score _____ 125 points		
70-79 Land Evaluation Score _____ 100 points		
60-69 Land Evaluation Score _____ <u>63.7</u> 75 points		
Less than 60 Land Evaluation Score _____ 50 points		
<b>4. Adjacency to Preserved Land</b>	<b>Maximum 125 points</b>	<b>100</b>
75 to 100% perimeter adjacent to preserved land _____ 125 points		
50 to 74% perimeter adjacent to preserved land _____ <u>61%</u> 100 points		
25 to 49% perimeter adjacent to preserved land _____ 75 points		
Less than 25% perimeter adjacent to preserved land _____ 50 points		
<b>5. Concentration of Preserved Lands</b>	<b>Maximum 125 points</b>	<b>125</b>
More than 600 acres of preserved land within 3/4 mile _____ <u>941</u> 125 points		
400-599 acres of preserved land within 3/4 mile _____ 100 points		
200-399 acres of preserved land within 3/4 mile _____ 75 points		
Less than 200 acres of preserved land within 3/4 mile _____ 50 points		
<b>6. Current Land Use</b>	<b>Maximum 150 points</b>	<b>50</b>
90% or greater of property in agricultural use _____ 150 points		
80% to 89% of property in agricultural use _____ 125 points		
70% to 79% of property in agricultural use _____ 100 points		
60% to 69% of property in agricultural use _____ 75 points		
Less than 60% of property in agricultural use _____ <u>56%</u> 50 points		
<b>7. Soil Conservation and Water Quality Plan (SCWQP)/Best Management Practices (BMPs)</b>	<b>Maximum 100 points</b>	<b>75</b>
Longstanding landowner relationship with SCD, and SCWQP on the property is predominantly implemented with no major resource concerns _____ 100 points		
Landowner has relationship with SCD and has made considerable efforts to implement SCWQP on this property or another property, or landowner has implemented considerable BMPs on their own _____ <u>X</u> 75 points		
New relationship with SCD and has made efforts to implement SCWQP on this property or another property, or landowner has implemented BMPs on their own _____ 50 points		
New SCWQP with no conservation or BMP activity _____ 0 points		

**POINTS**

**8. Ownership and Operation**

- Owner operated \_\_\_\_\_
- Non-owner operated \_\_\_\_\_
- No current operation \_\_\_\_\_

X

50 points  
25 points  
0 points

Maximum 50 points

50

**SUBTOTAL POINTS**

Maximum 1000 points

650

**PRELIMINARY PRICE CALCULATION - Maximum \$40,000 per acre**

650 points x \$40/point = \$26,000

**Additional Points - Maximum 100 points**

**1. Relinquishment of Tenant House Rights, if applicable**

- 1, existing Number of tenant houses allowed by right at 1 per 25 acres
- 0 Tenant house rights relinquished x 10 points per house

Maximum 50 points

0

**2. Optional APB Points**

See separate scoring sheet - points may be added or subtracted

Maximum +/- 50 points

5

**TOTAL POINTS**

Maximum 1000 points

655

**FINAL PRICE CALCULATION - Maximum \$40,000 per acre**

655 points x \$40/point = \$26,200

**TOTAL PRICE OFFER**

30 acres x \$26,200 per acre =

**\$786,000**