

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

**Council Bill No. 43-2022**

Introduced: June 6, 2022

Auditor: Lori Buchman

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Fiscal Impact:

The fiscal impact of this legislation is approximately \$1,014,000 in expenditures from the Agricultural Preservation and Promotion Fund (APPF) over the next 20 years to acquire an agricultural preservation easement on private property within the County. Anticipated financing and payment terms of this acquisition include a 5 percent down payment of \$46,375, twenty annual principal payments of \$44,056, and semi-annual interest payments of 1 percent of the outstanding principal. Transfer tax proceeds will be used to make the payments associated with this acquisition.

The parcel will be eligible to receive the Agricultural Property Tax Credit, which equals 75 percent of the County property tax imposed on the land included in the easement. The future fiscal impact of the tax credit is unknown, as the credit is dependent upon the property owner submitting an annual application and the assessment of the land at the time the credit is applied. Our Office has calculated the tax credit based on the known assessed value for the current tax year at \$1,780.

This fiscal impact does not consider the potential loss of additional property tax revenue and other foregone fees that the County would receive if the property were to be developed, along with other associated costs and revenues.

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

**NOTE:** Our Office has reviewed the Administration's estimated amortization schedule for this Installment Purchase Agreement (IPA) and believes it accurately depicts the terms of the agreement.

The Administration confirmed that this acquisition was included in the most recent APPF cash flow analysis and will not result in a decrease in the noted future projected fund balance. The APPF cash flow can be found in **Attachment A** and is current as of November 2021.

Purpose:

This legislation approves a multi-year IPA in which the County will acquire the development rights of approximately 29.24 acres of agriculture land owned by Eric O’Keefe and Jennifer Shrader located at 6940 Haviland Mill Road in Clarksville for a maximum price of \$924,500 (or not more than \$31,720 per acre).

Our Office notes that in the legislation the price per acre is incorrectly shown at \$29,320. The Administration confirms an amendment will be filed to correct the price per acre.

Other Comments:

The Agricultural Land Preservation Program was first funded in FY 1991. To date, \$141.2 million has been used to acquire the development rights of over 23,100 acres of farmland in Howard County. The Capital Project associated with this program (G0163) will be utilized for this IPA. The Department of Finance indicated there will be approximately \$20 million remaining in Capital Project G0163 following the latest two proposed IPAs (CB43-2022 and CB44-2022).

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 scored at 793 points (see **Attachment B**). Our Office verified this parcel’s cost per acre of \$31,720 based on the 793 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 February 28, 2022.

The total transfer tax revenue for FY 2021 was \$55,649,810, versus a budget amount of \$31,292,000. The total transfer tax revenue for FY 2022 year to date (as of June 2, 2022) is \$54,653,356, as compared the budgeted amount of \$44,875,000.



# Attachment B



## Howard County Agricultural Land Preservation Program

### 2020 PRICE FORMULA WORKSHEET

Owner Eric O'Keefe & Jennifer Shrader Tax Map 39 Parcel(s) 1 (Lot 1)

Farm Address 6940 Haviland Mill Rd, Clarksville Acres 29.24

#### POINTS

<b>1. Parcel Size Relative to Average Acreage of Remaining Uncommitted Land (40 acres)</b>	<b>Maximum 150 points</b>	<u>75</u>
40 acres or more	150 points	
35 acres to 39.9 acres	125 points	
30 acres to 34.9 acres	100 points	
25 acres to 29.9 acres	75 points	<u>29.2</u>
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>	<u>100</u>
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	<u>76</u>
60% to 69% Class I, II and III Soils	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>	<u>125</u>
90 or greater Land Evaluation Score	150 points	
80-89 Land Evaluation Score	125 points	<u>83</u>
70-79 Land Evaluation Score	100 points	
60-69 Land Evaluation Score	75 points	
Less than 60 Land Evaluation Score	50 points	
<b>4. Adjacency to Preserved Land</b>	<b>Maximum 125 points</b>	<u>100</u>
75 to 100% perimeter adjacent to preserved land	125 points	
50 to 74% perimeter adjacent to preserved land	100 points	<u>61%</u>
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>	<u>100</u>
More than 600 acres of preserved land within 3/4 mile	125 points	
400-599 acres of preserved land within 3/4 mile	100 points	<u>421</u>
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>	<u>150</u>
90% or greater of property in agricultural use	150 points	<u>93%</u>
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	50 points	
<b>7. Soil Conservation and Water Quality Plan (SCWQP)/Best Management Practices (BMPs)</b>	<b>Maximum 100 points</b>	<u>75</u>
Longstanding landowner relationship with SCD, and SCWQP on the property is predominantly implemented with no major resource concerns		<u>100 points</u>
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		<u>50 points</u>
New SCWQP with no conservation or BMP activity		<u>0 points</u>

**POINTS**

**8. Ownership and Operation**

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

**Maximum 50 points**  
50 points  
25 points  
0 points

\_\_\_\_\_ 50

**SUBTOTAL POINTS**

**Maximum 1000 points**

\_\_\_\_\_ 775

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

\_\_\_\_\_ 775 points x \$40/point = \_\_\_\_\_ \$31,000

**Additional Points - Maximum 100 points**

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

**Maximum 50 points**

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

\_\_\_\_\_

**2. Optional APB Points**

**Maximum +/- 50 points**

See separate scoring sheet - points may be added or subtracted

\_\_\_\_\_ 18

**TOTAL POINTS**

**Maximum 1000 points**

\_\_\_\_\_ 793

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

\_\_\_\_\_ 793 points x \$40/point = \_\_\_\_\_ \$31,720

**TOTAL PRICE OFFER**

\_\_\_\_\_ 29.24 acres x \_\_\_\_\_ \$31,720 per acre =

**\$927,493**