Office of the County Auditor<br>Auditor's Analysis

# Council Bill No. 44-2022 

Introduced: June 6, 2022
Auditor: Michael A. Martin

## Fiscal Impact:

The fiscal impact of this legislation is approximately $\$ 865,867$ 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 $\$ 39,585$, twenty annual principal payments of $\$ 37,606$, 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 $\$ 3,245$.

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 (see Attachment A).

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 B 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 25.77 acres of agriculture land owned by Scott O'Keefe located at 6950 Haviland Mill Road in Clarksville for a maximum price of \$791,700 (or not more than \$30,720 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 was scored at 768 points (see Attachment C). Our Office verified this parcel's cost per acre of $\$ 30,720$ based on the 768 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 to the budgeted amount of $\$ 44,875,000$.

## Attachment A

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




| Fiscal Year | Beginning <br> Fund <br> Balance | Revenues |  |  |  |  | Expenses |  |  |  |  |  |  |  | Total Expenses | Ending <br> Balance |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Acct 485200 <br> Interest on Cash <br> Balance Only + <br> $0.05 \%$ | Acct 432490 <br> \& 489900 <br> Miscellaneous | Acct 401550 State Ag Transfer Tax | Acct 409930 Transfer Tax Receipts | Total <br> Revenues | Existing Debt Service |  |  | Settled Open Enrollment | Projected Enrollments ${ }^{(2)}$ | NET DEBT SERVICE | Cost of Zero Coupon Bonds or Cash or 5\% Down ${ }^{(1)}$ | Admin <br> Costs <br> 2.00\% |  |  |
|  |  |  |  |  |  |  | Through Batch 14 | easury 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 | 10,173,395 | 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 | $(6,608,200)$ | 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 | $(1,669,000)$ | 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 | $(759,000)$ | 6,489,477 | 2,061,143 |  | 8,550,621 |  | 1,055,414 | 9,606,035 | 9,376,042 |
| 2020** | 9,376,042 | 132,640 | 214,800 | 928,659 | 10,035,244 | 11,311,343 | 19,742,111 | $(13,604,000)$ | 6,138,111 | 2,026,896 |  | 8,165,007 |  | 878,188 | 9,043,195 | 11,644,190 |
| 2021* | 11,644,190 | 48,401 | 97,698 | 223,293 | 11,129,962 | 11,499,354 | 19,299,498 | $(14,481,000)$ | 4,818,498 | 1,992,649 |  | 6,811,147 |  | 1,400,601 | 8,211,748 | 14,931,796 |
| 2022 | 14,931,796 | 7,466 |  | 100,000 | 12,860,000 | 12,967,466 | 7,495,478 | $(3,695,000)$ | 3,800,478 | 2,014,286 |  | 5,814,765 | 457,015 | 1,428,613 | 7,700,393 | 20,198,869 |
| 2023 | 20,198,869 | 10,099 |  | 100,000 | 11,480,000 | 11,590,099 | 3,541,367 |  | 3,541,367 | 2,486,443 | 697,423 | 6,725,233 | 672,485 | 1,457,186 | 8,854,904 | 22,934,065 |
| 2024 | 22,934,065 | 11,467 |  | 100,000 | 11,480,000 | 11,591,467 | 13,721,970 | $(10,287,000)$ | 3,434,970 | 2,461,501 | 760,244 | 6,656,715 |  | 1,486,329 | 8,143,045 | 26,382,487 |
| 2025 | 26,382,487 | 13,191 |  | 100,000 | 11,660,000 | 11,773,191 | 2,657,090 |  | 2,657,090 | 2,422,432 | 753,856 | 5,833,377 |  | 1,516,056 | 7,349,433 | 30,806,245 |
| 2026 | 30,806,245 | 15,403 |  | 100,000 | 12,100,000 | 12,215,403 | 3,150,637 | $(557,000)$ | 2,593,637 | 2,383,363 | 747,467 | 5,724,467 |  | 1,546,377 | 7,270,844 | 35,750,804 |
| 2027 | 35,750,804 | 17,875 |  | 100,000 | 12,360,000 | 12,477,875 | 7,566,689 | $(5,245,000)$ | 2,321,689 | 2,344,294 | 741,078 | 5,407,061 |  | 1,577,305 | 6,984,366 | 41,244,313 |
| 2028 | 41,244,313 | 20,622 |  | 100,000 | 12,620,000 | 12,740,622 | 4,251,587 | $(2,158,000)$ | 2,093,587 | 2,308,620 | 734,690 | 5,136,897 |  | 1,608,851 | 6,745,747 | 47,239,188 |
| 2029 | 47,239,188 | 23,620 |  | 100,000 | 12,920,000 | 13,043,620 | 1,904,839 |  | 1,904,839 | 2,266,156 | 728,301 | 4,899,297 |  | 1,641,028 | 6,540,325 | 53,742,483 |
| 2030 | 53,742,483 | 26,871 |  | 100,000 | 13,220,000 | 13,346,871 | 1,856,362 |  | 1,856,362 | 1,815,406 | 721,913 | 4,393,681 |  | 1,673,848 | 6,067,529 | 61,021,825 |
| 2031 | 61,021,825 | 30,511 |  | 100,000 | 13,520,000 | 13,650,511 | 1,807,885 |  | 1,807,885 | 1,785,412 | 715,524 | 4,308,821 |  | 1,707,325 | 6,016,146 | 68,656,190 |
| 2032 | 68,656,190 | 34,328 |  | 100,000 | 13,780,000 | 13,914,328 | 270,081 |  | 270,081 | 1,338,425 | 709,135 | 2,317,641 |  | 1,741,472 | 4,059,113 | 78,511,405 |
| 2033 | 78,511,405 | 39,256 |  | 100,000 | 14,200,000 | 14,339,256 |  |  |  | 1,317,579 | 702,747 | 2,020,326 |  | 1,776,301 | 3,796,627 | 89,054,033 |
| 2034 | 89,054,033 | 44,527 |  | 100,000 | 14,400,000 | 14,544,527 |  |  |  | 1,296,733 | 696,358 | 1,993,091 |  | 1,811,827 | 3,804,918 | 99,793,642 |
| 2035 | 99,793,642 | 49,897 |  | 100,000 | 14,660,000 | 14,809,897 |  |  |  | 1,167,585 | 689,970 | 1,857,554 |  | 1,848,064 | 3,705,618 | 110,897,921 |
| 2036 | 110,897,921 | 55,449 |  | 100,000 | 14,880,000 | 15,035,449 |  |  |  | 909,485 | 683,581 | 1,593,066 |  | 1,885,025 | 3,478,091 | 122,455,280 |
| 2037 | 122,455,280 | 61,228 |  | 100,000 | 15,000,000 | 15,161,228 |  |  |  | 896,329 | 677,192 | 1,573,522 |  | 1,922,726 | 3,496,247 | 134,120,260 |
| 2038 | 134,120,260 | 67,060 |  | 100,000 | 15,280,000 | 15,447,060 |  |  |  | 660,564 | 670,804 | 1,331,368 |  | 1,961,180 | 3,292,548 | 146,274,772 |
| 2039 | 146,274,772 | 73,137 |  | 100,000 | 15,580,000 | 15,753,137 |  |  |  | 499,261 | 664,415 | 1,163,676 |  | 2,000,404 | 3,164,080 | 158,863,830 |
| 2040 | 158,863,830 | 79,432 |  | 100,000 | 15,900,000 | 16,079,432 |  |  |  | 494,439 | 658,027 | 1,152,465 |  | 2,040,412 | 3,192,877 | 171,750,385 |
| 2041 | 171,750,385 | 85,875 |  | 100,000 | 16,200,000 | 16,385,875 |  |  |  | 489,617 | 651,638 | 1,141,255 |  | 2,081,220 | 3,222,474 | 184,913,785 |
| 2042 | 184,913,785 | 92,457 |  | 100,000 | 16,524,000 | 16,716,457 |  |  |  | 437,560 | 645,249 | 1,082,809 |  | 2,122,844 | 3,205,654 | 198,424,589 |
| Total |  | 12,180,408 | 603,940 | 17,587,401 | 478,221,921 |  | 237,218,002 | (59,063,200) | 78,154,802 | 42,751,634 | 14,049,613 | 234,956,049 | 22,567,566 | 58,999,760 | 316,523,375 |  |



Howard County Agricultural Land Preservation Program 2020 PRICE FORMULA WORKSHEET
Owner Scott O'Keefe Tax Map_39 Parcel(s) 1 (Lot 2)
Farm Address 6950 Haviland Mill Rd, Clarksville $\quad$ Acres 25.77

POINTS

| Parcel Size Relative to Average Acreage of Remaining |  | res) |
| :---: | :---: | :---: |
| 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 | 25.77 | 75 points |
| 20 acres to 24.9 acres |  | 50 points |
| 2. Soil Capability - Percentage of Class I, II and III Soils Rela | Proper |  |
| $90 \%$ or greater Class I, II and III Soils |  | 150 points |
| 80\% to 89\% Class I, II and III Soils | 84\% | 125 points |
| 70\% to 79\% Class I, II and III Soils |  | 100 points |
| 60\% to 69\% Class I, II and III Soils |  | 75 points |
| Less than 60\% Class I, II and III Soils |  | 50 points |
| 3. Soil Productivity as Measured by Land Evaluation Score |  |  |
| 90 or greater Land Evaluation Score |  | 150 points |
| 80-89 Land Evaluation Score | 82 | 125 points |
| 70-79 Land Evaluation Score |  | 100 points |
| 60-69 Land Evaluation Score |  | 75 points |
| Less than 60 Land Evaluation Score |  | 50 points |
| 4. Adjacency to Preserved Land |  |  |
| 75 to 100\% perimeter adjacent to preserved land |  | 125 points |
| 50 to $74 \%$ perimeter adjacent to preserved land |  | 100 points |
| 25 to $49 \%$ perimeter adjacent to preserved land | 44\% | 75 points |
| Less than $25 \%$ perimeter adjacent to preserved land |  | 50 points |
| 5. Concentration of Preserved Lands |  |  |
| More than 600 acres of preserved land within $3 / 4$ mile |  | 125 points |
| 400-599 acres of preserved land within $3 / 4$ mile | 443 | 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 |
| 6. Current Land Use |  |  |
| 90\% or greater of property in agricultural use |  | 150 points |
| $80 \%$ to $89 \%$ of property in agricultural use | 81\% | 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 |

150 points
125 points
75 points
50 points

Maximum 150 points


Maximum 150 points 125

## Maximum 150 points

Maximum 125 points

Maximum 125 points
100

Maximum 150 points
125

$\qquad$

Maximum 100 points 75
Longstanding landowner relationship with SCD, and SCWQP on the property is predominantly implemented
with no major resource concerns
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
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
New SCWQP with no conservation or BMP activity
8. Ownership and Operation

Owner operated
Non-owner operated
No current operation
$\qquad$
$\qquad$ -

## Maximum 50 points

## SUBTOTAL POINTS

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

750 points $\times \$ 40 /$ point $=$
$\qquad$
$\$ 30,000$

Additional Points - Maximum 100 points

1. Relinquishment of Tenant House Rights, if applicable

1 Number of tenant houses allowed by right at 1 per 25 acres 0 Tenant house rights relinquished $\times 10$ points per house
2. Optional APB Points

## Maximum 50 points

Maximum +/- 50 points
See separate scoring sheet - points may be added or subtracted

## TOTAL POINTS

FINAL PRICE CALCULATION - Maximum \$40,000 per acre
768 points $\times \$ 40 /$ point $=$

$$
\$ 30,720
$$

## TOTAL PRICE OFFER

25.77 acres $\mathrm{x} \quad \$ 30,720$ per acre $=$

