

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

**Council Resolution No. 186-2022**

Introduced: October 3, 2022

Auditor: Michael A. Martin

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Fiscal Impact:

The fiscal impact to the County would be limited to the potential Agricultural Property Tax Credit, which is 75 percent of the County property tax imposed on the land included in the easement.

Our Office has calculated the tax credit, based on the known assessed value for the current tax year, to be \$1,769. However, future amounts of this tax credit cannot be determined, as the credit is dependent upon the assessment of the land at the time the credit is applied.

**NOTE:** Our Office's estimates do not include potential loss of additional property tax revenue and other foregone fees that the County would receive, along with other potential associated costs and revenues if the property were to be developed.

Our Office also notes that the County will retain the transfer tax revenues that would have otherwise been paid to the property owner had they elected to join the County's Agricultural Land Preservation Program instead of the Maryland Agricultural Land Preservation Foundation. Therefore, a piece of Howard County property will be preserved at the State's expense, less the Agricultural Property Tax Credit noted above.

Purpose:

The purpose of this legislation is to approve an application to sell an agricultural land preservation easement for 58.5 acres located at 1611 Saint Michaels Road in Woodbine to the Maryland Agricultural Land Preservation Foundation (MALPF).

Other Comments:

The property is 58.5 acres and therefore meets the requirements to participate in the County's Agricultural Land Preservation Program (which requires parcels to be a minimum of 20 acres), as well as the Maryland Agricultural Land Preservation Program (which requires parcels to be a minimum of 50 acres unless it is a parcel adjacent to preserved land). Per the Administrator of the County's Agricultural Land Preservation Program, there are multiple differences between the two programs. The Administrator is not aware of the specific reason that caused the owner to elect to join the MALPF Program over the County's program.

The MALPF will pay the property owner the lesser of the amount proposed by the property owner or the calculated value of the easement, which is its fair market value less its agricultural value. The MALPF utilizes two independent appraisals to determine the fair market value and a formula to determine the agricultural value.

The MALPF has not yet conducted appraisals to calculate the property's fair market value, as those are usually completed in the fall along with the agricultural value calculation. Once the appraisal is completed, the easement values can be calculated. Offers are then typically made by the MALPF to the owners in the spring.

Per the Administration, an application was submitted to the MALPF that was signed and dated in June 2022.

This property has one unrestricted lot right that is reserved as a "permitted uses envelope" to accommodate a future principal dwelling. Although the MALPF will cover this "permitted uses envelope" area, the owner will not be paid for the associated acreage.