



Howard County

Agricultural Land Preservation Program

MEMORANDUM

Subject: Testimony in Support of Council Bill No. 1-2023

To: Lonnie Robbins, Chief Administrative Officer, Department of Administration

From: Amy Gowan, Director, Department of Planning and Zoning DS
AG

From: Rafiu Ighile, Director, Department of Finance DS
RI

Date: December 27, 2022

The Departments of Planning and Zoning and Finance support Council Bill No. 1-2023. This amendment to Section 20.122 of the Howard County Code allows the tax credit for properties subject to easements held by either the Howard County Agricultural Land Preservation Program (ALPP) or the Maryland Agricultural Land Preservation Foundation (MALPF) program to automatically renew, conditioned on the property remaining under easement. Currently, owners of ALPP or MALPF easement properties must apply yearly by July 31 to receive the credit, which equals 75% of any County property tax on the land, not including improvements.

There are 244 properties in the ALPP and 38 properties in the MALPF program. About 20 of these easement properties are comprised of multiple parcels, which must be applied for individually. Therefore, this bill would assist over 280 Howard County farm owners with easements by automatically granting them the tax credit and eliminating the requirement to reapply each year. Despite a courtesy reminder letter from the Department of Planning and Zoning (DPZ) staff each year, many owners fail to apply and do not receive the tax credit. Since the credit eligibility is tied to the property and not the owner, requiring the property owner to submit a yearly application can be burdensome.

As all ALPP easements are in perpetuity, and MALPF easements are in perpetuity unless the owner can prove the land is not able to be farmed, it is unlikely that a property would become ineligible for the tax credit. Since the beginning of the ALPP and MALPF programs, no farm easements have been terminated.

This bill would significantly reduce the County staff time required to implement the credit. Currently, DPZ assists the Department of Finance in the administration of the tax credit program. Annually, DPZ staff facilitate an application process, confirm property eligibility, and maintain a list of approved applicants. The Department of Finance uses the list to process the credit on the property owner's tax bill. If CB 01-2023 is enacted, DPZ staff will no longer need to facilitate a reoccurring annual application process, however, staff will continue to monitor all easements for eligibility and notify the Department of Finance if an easement ceases to exist.

Fiscal Impact Analysis:

The ALPP budget is capitalized primarily by the local transfer tax and funds the agricultural land tax credit. There are 313 parcels that are eligible for the credit. If this bill is enacted, the tax credit will automatically be granted to all eligible parcels, which is estimated to be approximately \$510,000 in credits for the 2023 tax year; however, the total annual amount will vary and depend on the assessed land values determined by the State Department of Assessment and Taxation (SDAT). The \$510,000 total will be an increase from previous tax years. In tax year 2022, 21.7% of eligible property owners did not apply, and the County paid \$409,400 in credits. In tax year 2021, 14.3% of eligible property owners did not apply, and the County paid \$445,310 in credits.

Although the annual fiscal impact is slightly higher, the automatic renewal provides convenience for property owners, more efficient use of staff resources and budgetary consistency and predictability.

cc: Jennifer Sager, Legislative Coordinator, Department of Administration
Morenike Oyenusi, Senior Assistant County Solicitor, Office of Law
Joy Levy, Administrator, Agricultural Land Preservation Program