

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1008 (Delegate Arentz, *et al.*)
Environment and Transportation

Maryland Agricultural Land Preservation Foundation - Valuation of Easement

This bill allows the Maryland Agricultural Land Preservation Foundation (MALPF) to use an appraised fair market value (for the determination of the value of an easement) for up to two years after the date on which MALPF was first requested in writing to purchase the easement. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: The bill does not materially affect State finances, as discussed below.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Subject to certain exceptions, the maximum value of any easement to be purchased by MALPF is the lower of (1) the asking price and (2) the difference between the fair market value of the land and the agricultural value of the land. The value of the easement is determined at the time MALPF is requested in writing to purchase the easement. The fair market value is determined by the Department of General Services (DGS) based on one or more appraisals by the State appraisers, and appraisals, if any, of the landowner.

Background: MALPF indicates that in each easement application cycle, all applications for MALPF easements are reviewed by MALPF staff, then provided to DGS to procure two appraisals for each applicant, to determine the fair market value of the property. In any

easement application cycle, there may not be sufficient funding to extend offers to all applicants and those who do not receive offers may reapply the next cycle. Under current law, new appraisals are required in each new application cycle for all applications; the bill would allow for a fair market value determination to be valid for the next cycle.

State Expenditures: The bill is expected to reduce expenditures for appraisals under MALPF's capital appropriation due to fewer appraisals being needed for easement purchases, which allows for that funding to be applied instead to easement purchases, having no net effect on MALPF expenditures. MALPF pays approximately \$800 per appraisal (\$1,600 per property, for 2 appraisals). For contextual purposes, in the current fiscal 2019 application cycle, MALPF received 189 applications that were accepted and submitted to DGS to be appraised.

MALPF's operations and easement purchases are funded with special funds from the Maryland Agricultural Land Preservation Fund, which is supported by revenues from the State transfer tax.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture; Department of General Services; Department of Legislative Services

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