

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 497
Ways and Means

(Delegate Boyce)

Budget and Taxation

Property Tax Credit - Urban Agricultural Property - Repeal of Repayment
Requirement

This bill alters a property tax credit for urban agricultural property by repealing the requirement that if the property ceases to be used for urban agricultural purposes, the owner of the property is liable for all property taxes that would have been imposed if a property tax credit for urban agricultural property had not been granted. **The bill takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: The bill is expected to have a minimal effect on local property tax revenues due to the limited number of jurisdictions that have authorized the property tax credit. Local government expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Local governments are authorized to grant a five-year property tax credit for urban agricultural property. Local governments may provide for the amount of the property tax credit, additional eligibility criteria, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provision necessary. Urban agricultural property is defined as real property that is at least one-eighth of an acre and not more than five acres in size, located in a priority funding area, and used for urban agricultural purposes.

Urban agricultural purposes is defined as (1) crop production activities, including the use of mulch or cover crops to ensure maximum productivity and minimize runoff and weed production; (2) environmental mitigation activities, including stormwater abatement and groundwater protection; (3) community development activities, including recreational activities, food donations, and food preparation and canning classes; (4) economic development activities, including employment and training opportunities, and direct sales to restaurants and institutions; and (5) temporary produce stands used for the sale of produce raised on the premises.

Local Fiscal Effect: The bill is expected to have a minimal effect on local property tax revenues due to the limited number of counties that have authorized the property tax credit. To date, only Baltimore City has authorized the property tax credit for urban agricultural property. Baltimore City reports that there have been three recipients of the property tax credit; the total cost for the property tax credit was \$251 in both fiscal 2019 and 2020 and \$2,351 in fiscal 2021. As a result, any repayment amount is expected to be minimal.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Baltimore City; Montgomery and Prince George's counties; Maryland Department of Agriculture; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2021
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