



March 25, 2021

To: Senate Budget & Taxation Committee

From: MidAtlantic Farm Credit

Bill: HB 497 – Property Tax Credit – Urban Agricultural Property – Repeal of Repayment Requirement

Position: SUPPORT

MidAtlantic Farm Credit is a member-owned cooperative supporting rural communities and agriculture with reliable, consistent credit and financial services in good times and bad. Headquartered in Westminster, MD, we are one of the largest agricultural lenders on the East Coast with nearly \$2.9 billion dollars in loans outstanding to over 11,500 member-owners representing the full range of agriculture throughout our five-state territory.

This bill involves existing enabling language allowing adoption of urban ag property tax credit programs by local governments across the state. Although many programmatic details are left to the discretion of implementing counties and municipalities, the revision being proposed in **HB 497** would eliminate the “claw back” provision wherein, if the property ceases to be farmed, the farmer is required to repay all property taxes that would have been imposed if a property tax credit had not been granted.

We support removing this provision and improving the urban ag property tax credit enabling language for the following reasons:

- Designed as a way to encourage/support new and existing urban farm operations, such a provision in a property tax credit program would and likely has given many pause before applying. Removal could lead to more urban farms seeking such a credit and ultimately allow for expanding/enhancing their farming businesses.
- If an urban farm fails and ceases operation, having to repay the support provided by the credit would be adding insult to injury.
- The pandemic has proven that communities – urban and rural alike – benefit from local food production, making them more resilient to supply chain disruptions.
- Incentivizing and supporting urban food production helps chip away at food deserts and the lack of access to fresh, nutritious foods facing too many vulnerable communities.
- Any lost property tax revenue is more than likely offset by the benefits a thriving market garden or urban farm can have on a neighborhood – aesthetics, access to fresh food, employment opportunities, increasing resiliency, etc.

MidAtlantic Farm Credit SUPPORTS HB 497.

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