SENATE BILL 567

Q1 2lr1944

By: **Senators Elfreth, Hester, Corderman, Feldman, Guzzone, Jackson, King, and Zucker**
Introduced and read first time: February 1, 2022
Assigned to: Budget and Taxation

A BILL ENTITLED

AN ACT concerning

Property Tax – Agricultural Use Assessment – Improvements

FOR the purpose of requiring that certain improvements on land that qualifies for agricultural use assessment be assessed as agricultural property; providing for the retroactive application of this Act; authorizing the payment of tax refunds under certain circumstances; and generally relating to the agricultural use assessment.

BY repealing and reenacting, without amendments,
Article – Tax – Property
Section 8–209(a) through (d)
Annotated Code of Maryland
(2019 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – Property
Section 8–209(e)
Annotated Code of Maryland
(2019 Replacement Volume and 2021 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Tax – Property

8–209.

(a) The General Assembly declares that it is in the general public interest of the State to foster and encourage farming activities to:

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

(1) maintain a readily available source of food and dairy products close to the metropolitan areas of the State;

(2) encourage the preservation of open space as an amenity necessary for human welfare and happiness; and

(3) prevent the forced conversion of open space land to more intensive uses because of the economic pressures caused by the assessment of the land at rates or levels incompatible with its practical use for farming.

(b) It is the intention of the General Assembly that the assessment of farmland:

(1) be maintained at levels compatible with the continued use of the land for farming; and

(2) not be affected adversely by neighboring land uses of a more intensive nature.

(c) Land that is actively used for farm or agricultural use shall be valued on the basis of that use and may not be valued as if subdivided.

(d) Land that is valued under subsection (c) of this section shall be assessed on the basis of its use value.

(e) (1) The Department shall establish in regulations criteria to determine if land that appears to be actively used for farm or agricultural purposes:

(i) is actually used for farm or agricultural purposes; and

(ii) qualifies for assessment under this section.

(2) The criteria shall include:

(i) the zoning of the land;

(ii) the present and past use of the land including land under the Soil Bank Program of the United States;

(iii) the productivity of the land, including timberlands and reforested lands; and

(iv) the gross income that is derived from the agricultural activity.

(3) AN IMPROVEMENT LOCATED ON LAND THAT QUALIFIES FOR AGRICULTURAL USE ASSESSMENT UNDER THIS SECTION SHALL BE ASSESSED AS AGRICULTURAL PROPERTY IF THE IMPROVEMENT IS USED FOR:

(I) THE MANUFACTURE, PACKAGING, STORAGE, PROMOTION, OR SALE OF A VALUE–ADDED AGRICULTURAL PRODUCT, INCLUDING A DAIRY PRODUCT, THAT IS DERIVED FROM INGREDIENTS PRODUCED ON THE AGRICULTURAL LAND OR ANY ASSOCIATED AGRICULTURAL LAND;

(II) AGRICULTURAL ALCOHOL PRODUCTION, AS DEFINED IN § 4–214(A) OF THE LAND USE ARTICLE; OR

(III) AGRITOURISM, AS DEFINED IN § 4–212 OF THE LAND USE ARTICLE.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) This Act shall be construed to apply retroactively and shall be applied to and interpreted to affect any assessment of an improvement described in § 8–209(e)(3) of the Tax – Property Article as enacted by Section 1 of this Act, that was made final on or after January 1, 2021.

(b) (1) A person who paid excess property tax as a result of an assessment of an improvement described in § 8–209(e)(3) of the Tax – Property Article, as enacted by Section 1 of this Act, as nonagricultural property on or after January 1, 2021, but before June 1, 2022, may apply for a refund of the excess tax paid in accordance with Title 14, Subtitle 9 of the Tax – Property Article.

(2) A tax refund under this section is not subject to the limitations of §§ 14–904(b) and 14–905(c) of the Tax – Property Article.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2022.