

Chapter 643

(Senate Bill 567)

AN ACT concerning

**Property Tax – ~~Agricultural Use Assessment – Improvements~~ Accessory Use
Improvements – Study and Report**

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 requiring, on or before a certain date, the State Department of Assessments and Taxation to reassess certain improvements to certain agricultural land that were assessed as nonagricultural property during a certain period of time; and generally relating to the agricultural use assessment~~ the Department of Agriculture and the Department of Assessments and Taxation to jointly conduct a study of the assessment of agricultural accessory use improvements and submit a report of their findings and recommendations to certain committees of the General Assembly on or before a certain date; and generally relating to the assessment of agricultural accessory use improvements.

~~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~~

~~§ 209.~~

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

~~(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) (1) IN THIS PARAGRAPH:~~

~~1. "ACCESSORY USE ON AN ACTIVELY USED FARM"~~

MEANS:

~~A. AGRICULTURAL ALCOHOL PRODUCTION, AS DEFINED IN § 4-214(A) OF THE LAND USE ARTICLE;~~

~~B. AGRITOURISM, AS DEFINED IN § 4-212 OF THE LAND USE ARTICLE;~~

~~C. EQUINE ACTIVITIES, AS DEFINED IN § 2-701 OF THE AGRICULTURE ARTICLE;~~

~~D. VALUE-ADDED PRODUCTS PROCESSING, WHICH INCLUDES 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;~~

~~E. ROADSIDE STANDS; AND~~

~~F. PERMISSIBLE LOCAL ZONING USES OF AGRICULTURAL ACTIVITY; AND~~

~~2. "ACCESSORY USE ON AN ACTIVELY USED FARM" DOES NOT INCLUDE:~~

~~A. RENTING A FACILITY FOR USE AT A PRIVATE EVENT THAT HAS A SEATING CAPACITY OF GREATER THAN 200 INDIVIDUALS; OR~~

~~B. AN ACTIVITY INVOLVING AN IMPROVEMENT, IF THE LOCAL ZONING AUTHORITY OF THE COUNTY IN WHICH THE IMPROVEMENT IS LOCATED HAS NOT APPROVED THE ACTIVITY OR THE USE OF THE IMPROVEMENT ON LAND ZONED FOR AGRICULTURAL USE;~~

~~(H) 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;~~

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

~~(HH) AGRITOURISM, AS DEFINED IN § 4-212 OF THE LAND USE ARTICLE AN ACCESSORY USE ON AN ACTIVELY USED FARM.~~

~~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(c)(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 on or before July 1, 2022, the State Department of Assessments and Taxation shall reassess any person who paid excess property tax as a result of an assessment of an improvement described in § 8-209(c)(3) of the Tax Property Article, as enacted by Section 1 of this Act, that was assessed 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 is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.~~

~~(a) (1) In this section, “agricultural accessory use improvement” means an improvement located on an actively used farm that is related to:~~

~~(i) agricultural alcohol production, as defined in § 4-214(a) of the Land Use Article;~~

~~(ii) agritourism, as defined in § 4-212 of the Land Use Article;~~

~~(iii) equine activities, as defined in § 2-701 of the Agriculture Article;~~

~~(iv) 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 farm or any associated farmland;~~

~~(v) a roadside stand; or~~

~~(vi) other agricultural uses that are permissible under local zoning.~~

~~(2) “Agricultural accessory use improvement” does not include an improvement used for:~~

(i) rental for private events if the facility has a seating capacity of 200 or more individuals; or

(ii) any activity that the local zoning authority has not approved for land zoned for agricultural use.

(b) The Department of Agriculture and the Department of Assessments and Taxation shall jointly conduct a study of the assessment of agricultural accessory use improvements.

(c) In conducting the study, the Department of Agriculture and the Department of Assessments and Taxation shall consult with:

(1) local governments;

(2) nonprofit associations that represent agricultural interests, alcohol manufacturers, and equine interests; and

(3) other relevant stakeholders.

(d) The study shall examine:

(1) whether agricultural accessory use improvements should be assessed using a different methodology from improvements located on nonagricultural land;

(2) if a different methodology for assessing agricultural accessory use improvements is recommended, the proper method for assessing agricultural accessory use improvements; and

(3) how other states assess agricultural accessory use improvements.

(e) On or before December 1, 2022, the Department of Agriculture and the Department of Assessments and Taxation shall submit a joint report of their findings and recommendations, in accordance with § 2-1257 of the State Government Article, to the Senate Budget and Taxation Committee and the House Ways and Means Committee.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2022.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 29, 2022.