

MEMORANDUM

July 29, 2016

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Introduction:** Bill 31-16, Taxation – Urban Agricultural Tax Credit - Established

Bill 31-16, Taxation – Urban Agricultural Tax Credit - Established, sponsored by Lead Sponsor Councilmember Hucker, is scheduled to be introduced on August 2, 2016. A public hearing is tentatively scheduled for September 20 at 1:30 p.m.

Md. Tax-Property Code §9-253 provides that:

- (b) The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may grant, by law, a tax credit against the county or municipal corporation property tax imposed on urban agricultural property.

Bill 31-16 would implement this authority by:

- (1) establishing an urban agricultural tax credit against real property tax;
- (2) defining an urban agricultural property and an urban agricultural purpose; and
- (3) establishing eligibility for an urban agricultural tax credit

Background

Bill 31-16 would define an urban agricultural property as real property that is:

- (1) at least one-half of an acre and not more than 5 acres;
- (2) located in a priority funding area, as defined in Md. State Finance and Procurement Code §5-7B-02; and
- (3) used for urban agricultural purposes.

The Bill would define an urban agricultural purpose 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.

A property owner must conduct at least 2 urban agricultural purposes on the property. The term of the credit would be 5 years. The credit would equal the property tax otherwise due on the property.

This packet contains:	<u>Circle #</u>
Bill 31-16	1
Legislative Request Report	5
Md. Tax-Property Code §9-253	6

F:\LAW\BILLS\1631 Urban Agricultural Tax Credit\Intro Memo.Docx

Bill No. 31-16
Concerning: Taxation - Urban
Agricultural Tax Credit - Established
Revised: July 11, 2016 Draft No. 1
Introduced: August 2, 2016
Expires: February 2, 2018
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Hucker

AN ACT to:

- (1) establish an urban agricultural tax credit against real property tax;
- (2) define an urban agricultural property and an urban agricultural purpose;
- (3) establish eligibility for an urban agricultural tax credit; and
- (4) generally amend the law governing urban agricultural tax credits.

By adding

Montgomery County Code
Chapter 52, Taxation
Section 52-11D

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 52-11D is added as follows:**

2 **52-11D. Urban Agricultural Tax Credit.**

3 (a) Definitions. In this Section:

4 Urban agricultural property means real property that is:

- 5 (1) at least one-half of an acre and not more than 5 acres;
 6 (2) located in a priority funding area, as defined in Md. State Finance
 7 and Procurement Code §5-7B-02; and
 8 (3) used for urban agricultural purposes.

9 Urban agricultural purposes means:

- 10 (1) crop production activities, including the use of mulch or cover
 11 crops to ensure maximum productivity and minimize runoff and
 12 weed production;
 13 (2) environmental mitigation activities, including stormwater
 14 abatement and groundwater protection;
 15 (3) community development activities, including recreational
 16 activities, food donations, and food preparation and canning
 17 classes;
 18 (4) economic development activities, including employment and
 19 training opportunities, and direct sales to restaurants and
 20 institutions; and
 21 (5) temporary produce stands used for the sale of produce raised on
 22 the premises.

23 (b) Credit required. The Director of Finance must allow each eligible
 24 taxpayer a credit against County real property taxes due in each tax year
 25 in which the taxpayer is eligible for the credit.

26 (c) Eligibility. An eligible taxpayer must conduct at least 2 urban agricultural
 27 purposes on urban agricultural property. The property must be used

28 solely for urban agricultural purposes, except an individual engaged in
29 crop production on the property may also reside on the property.

30 (d) Amount of credit. The credit must equal the property tax otherwise due
31 on the property.

32 (e) Application. A property owner must apply for the credit at least 90 days
33 before the beginning of the first year the tax credit is sought on a form
34 containing the information required by the Director. A property owner
35 must apply to continue the credit at least 90 days before the beginning of
36 each subsequent tax year.

37 (f) Term of credit.

38 (1) The term of the credit is 5 years, unless renewed.

39 (2) A taxpayer may apply to renew the credit no later than 90 days
40 before the expiration of the credit for another 5 tax years.

41 (g) Continuous agricultural use required. If, at any time during the term of
42 the credit or the renewal of the credit, the property is no longer used for
43 agricultural purposes:

44 (1) the credit granted to the property must be terminated; and

45 (2) the owner of the property is liable for all property taxes that would
46 have been due during that 5-year term if the credit had not been
47 granted.

48 (h) The Director must take all actions necessary to apply the credit to each
49 eligible taxpayer who applies for the credit. A taxpayer may appeal a
50 final decision by the Director denying or terminating the credit to the
51 Maryland Tax Court within 30 days after receiving a notice of denial or
52 termination from the Director.

53 **Sec. 2. Evaluation.** The Director must submit a report to the Executive and the
54 Council on or before January 1, 2020 evaluating the effectiveness of the tax credit in
55 promoting urban agricultural purposes.

56

57 *Approved:*

58

Nancy Floreen, President, County Council

Date

59 *Approved:*

60

Isiah Leggett, County Executive

Date

61 *This is a correct copy of Council action.*

62

Linda M. Lauer, Clerk of the Council

Date

LEGISLATIVE REQUEST REPORT

Bill 31-16

Taxation – Urban Agricultural Tax Credit - Established

DESCRIPTION: Bill 31-16 would establish an urban agricultural tax credit against real property tax.

PROBLEM: Using property for urban agricultural purposes is becoming less common in the County.

GOALS AND OBJECTIVES: Encourage urban agricultural purposes in the County.

COORDINATION: Finance, County Attorney

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Robert H. Drummer, Senior Legislative Attorney

APPLICATION WITHIN MUNICIPALITIES: To be researched.

PENALTIES: None.

West's Annotated Code of Maryland

Tax-Property

Title 9. Property Tax Credits and Property Tax Relief

Subtitle 2. Statewide Optional

MD Code, Tax - Property, § 9-253

§ 9-253. Urban agricultural property; tax credits

Effective: June 1, 2014

Currentness

(a)(1) In this section the following words have the meanings indicated.

(2) "Urban agricultural property" means real property that is:

(i) at least one-eighth of an acre and not more than 5 acres;

(ii) located in a priority funding area, as defined in § 5-7B-02 of the State Finance and Procurement Article; and

(iii) used for urban agricultural purposes.

(3) "Urban agricultural purposes" means:

(i) crop production activities, including the use of mulch or cover crops to ensure maximum productivity and minimize runoff and weed production;

(ii) environmental mitigation activities, including stormwater abatement and groundwater protection;

(iii) community development activities, including recreational activities, food donations, and food preparation and canning classes;

(iv) economic development activities, including employment and training opportunities, and direct sales to restaurants and institutions; and

(v) temporary produce stands used for the sale of produce raised on the premises.

(b) The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may grant, by law, a tax credit against the county or municipal corporation property tax imposed on urban agricultural property.

(c)(1) Except as provided in paragraph (2) of this subsection, a tax credit under this section shall be granted for 5 years.

(2)(i) If the Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation grants a tax credit under this section, the jurisdiction granting a tax credit shall evaluate the effectiveness of the credit after 3 years.

(ii) If the jurisdiction granting the tax credit determines that the tax credit is ineffective in promoting urban agricultural purposes, the jurisdiction granting a tax credit may terminate the tax credit.

(iii) The jurisdiction granting a tax credit under this section may extend the tax credit for an additional 5 years.

(d) The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may provide, by law, for:

(1) the amount of the tax credit under this section;

(2) additional eligibility criteria for the tax credit under this section;

(3) regulations and procedures for the application and uniform processing of requests for the tax credit; and

(4) any other provision necessary to carry out the credit under this section.

(e) At any time during the period for which a property tax credit under this section is granted for urban agricultural property, if

§ 9-253. Urban agricultural property; tax credits, MD TAX PROPERTY § 9-253

the property ceases to be used for urban agricultural purposes, the owner of the property shall be liable for all property taxes that would have been imposed if a property tax credit for urban agricultural property had not been granted.

Credits

Added by Acts 2010, c. 721, § 1, eff. June 1, 2010. Amended by Acts 2013, c. 660, § 1, eff. June 1, 2013; Acts 2014, c. 390, § 1, eff. June 1, 2014.

MD Code, Tax - Property, § 9-253, MD TAX PROPERTY § 9-253

Current through all legislation from the 2016 Regular Session of the General Assembly in effect through July 1, 2016

End of Document

© 2016 Thomson Reuters. No claim to original U.S. Government Works.