

Bill No. 31-16
Concerning: Taxation – Urban
Agricultural Tax Credit - Established
Revised: March 7, 2017 Draft No. 7
Introduced: August 2, 2016
Enacted: March 7, 2017
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Hucker
Co-Sponsor: Councilmember Elrich

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 Gross income means the revenue received from the sale of products
5 grown or raised on the property, including the fair market value of food
6 products grown or raised on the property donated to an organization
7 registered as a charitable organization with the Maryland Secretary of
8 State.

9 Urban agricultural property means real property in a residential zone that
10 is:

- 11 (1) at least one-half of an acre and not more than ~~[[5]] 3~~ acres;
12 (2) located within 1000 feet of or in a ~~[[priority funding area, as~~
13 defined in Md. State Finance and Procurement Code §5-7B-02]]
14 Metro Station Policy Area, as defined in the most recent
15 Subdivision Staging Policy adopted under Section 33A-15,
16 including the:

- 17 (A) Bethesda Central Business District;
18 (B) Friendship Heights;
19 (C) Glenmont;
20 (D) Grosvenor;
21 (E) Rockville Town Center;
22 (F) Shady Grove;
23 (G) Silver Spring Central Business District;
24 (H) Twinbrook;
25 (I) Wheaton Central Business District; and
26 (J) White Flint; and

- 27 (3) used for urban agricultural purposes.

Urban agricultural purposes means

- (1) the cultivation of fruits, vegetables, flowers, and ornamental plants;
- (2) the limited keeping and raising of fowl or bees; or
- (3) the practice of aquaculture. [[:
 - (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.]]

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

(c) Eligibility. [[An eligible taxpayer must conduct at least 2 urban agricultural purposes on urban agricultural property.]] A property owner is eligible for the tax credit each year:

- (1) [[The]] the urban agricultural property [[must be]] is used solely for urban agricultural purposes, except an individual [[engaged in crop production on the property]] may also reside on the property;

- 55 (2) the property owner has more than \$5000 in gross income from the
 56 sale of products grown or raised on the urban agricultural property;
 57 and
- 58 (3) the property owner files a timely application for the credit with
 59 proof of eligibility.
- 60 (d) Amount of credit. The credit must equal 80% of the County property tax
 61 otherwise due on the property.
- 62 (e) Application. In order to receive the credit, a [[A]] property owner must
 63 apply for the credit with the Office of Agriculture [[at least 90 days]] on
 64 or before April 1 of the tax year [[the beginning of]] before the first tax
 65 year the tax credit is sought on a form containing the information required
 66 by the [[Director]] Office of Agriculture. A property owner must apply
 67 to continue the credit [[at least 90 days]] on or before [[the]] April 1 of
 68 the tax year before [[beginning of]] each subsequent tax year. The
 69 Director of Finance must determine taxpayer eligibility for the credit
 70 based upon the recommendation from the Office of Agriculture.
- 71 (f) Term of credit.
- 72 (1) The term of the credit is 5 tax years, unless renewed.
- 73 (2) A taxpayer may apply to renew the credit no later than 90 days
 74 before the expiration of the credit for another 5 tax years.
- 75 (g) Continuous agricultural use required. If, at any time during the term of
 76 the credit or the renewal of the credit, the property is no longer used for
 77 agricultural purposes:
- 78 (1) the credit granted to the property must be terminated; and
- 79 (2) the owner of the property is liable for all property taxes that would
 80 have been due [[during that 5-year term]] if the credit had not been

81 granted for any year that the property was not used for agricultural
82 purposes.

83 (h) Contiguous lots. A property owner may combine 2 or more contiguous
84 subdivision lots under common ownership into one property to satisfy the
85 minimum lot size for an urban agricultural property in subsection (a).

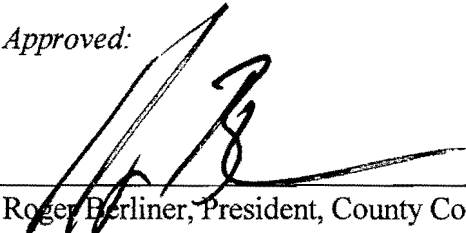
86 (i) Appeal. The Director must take all actions necessary to apply the credit
87 to each eligible taxpayer who applies for the credit and is certified as
88 eligible by the Office of Agriculture. A taxpayer may appeal a final
89 decision by the Director denying or terminating the credit to the Maryland
90 Tax Court within 30 days after receiving a notice of denial or termination
91 from the Director.

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

95 **Sec. 3. Transition.**

96 Notwithstanding subsection (e), the deadline to apply for the credit for the tax
97 year beginning on July 1, 2017 must be extended to September 1, 2017.

Approved:



Roger Berliner, President, County Council

3/8/17

Date

Approved:

Isiah Leggett, County Executive

Date

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

Date