

Worksession

MEMORANDUM

April 19, 2010

TO: Planning, Housing, and Economic Development Committee

FROM: Amanda Mihill, Legislative Analyst *A. Mihill*

SUBJECT: **Worksession:** Expedited Bill 8-10; Finance – Public Facilities – Agricultural Easements

Expedited Bill 8-10, Finance – Public Facilities – Agricultural Easements, sponsored by the Planning, Housing, and Economic Development Committee and Councilmember Leventhal, was introduced on March 16, 2010. A public hearing was held on April 6 at which 3 speakers testified in support of Bill 8-10 (see testimony beginning on ©5).

Bill 8-10 would amend the definition of public facility to explicitly include the purchase of agricultural easements as defined in Article 3 of Chapter 2B (the County Agricultural Easement Program (AEP)). Under current practice, the AEP is funded by Agricultural Transfer Taxes. At its March 4 worksession on the Agricultural Land Preservation Easements project in the CIP, the PHED Committee expressed an interest in allowing general obligation bonds to be used to purchase agricultural easements. However, the Committee was advised by the Department of Finance that G.O. bonds could not be used to purchase easements because in the Department's view, easements were not included in the definition of "public facilities" in Chapter 20. Bill 8-10 would not create a new easement program, but enable the use of a different type of funding in addition to the Agricultural Transfer Taxes for an easement program that is already in operation. Bill 8-10 does not appropriate any funding; the decision regarding whether or not to use G.O. bonds to fund the AEP would be made as part of the budget process.

The Council received testimony from several members of the agricultural community supporting Bill 8-10; the County Executive supports Bill 8-10. **Council staff recommends approval of Expedited Bill 8-10.**

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Expedited Bill No. 8-10
Concerning: Finance -- Public Facilities --
Agricultural Easements
Revised: 3/16/2010 Draft No. 2
Introduced: March 16, 2010
Expires: September 16, 2011
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Planning, Housing, and Economic Development Committee and Councilmember Leventhal

AN EXPEDITED ACT to:

- (1) amend the definition of public ~~[[facility]]~~ facilities to include the purchase of certain agricultural easements; and
- (2) generally amend the county finance law.

By amending

Montgomery County Code
Chapter 20, Finance
Section 20-14

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:

Sec. 1. Section 20-14 is amended as follows:

20-14. Definition of "public facilities."

As used [herein, the term "public facilities" shall mean the following] in this Chapter, public facilities means:

* * *

(g) The planning, acquisition, construction, improvement, repair, and extension of water systems and facilities and sewerage systems and facilities[.]; and

(h) The purchase of agricultural easements as defined in Article 3 of Chapter 2B.

Sec. 2. Expedited Effective Date.

The Council declares that this legislation is necessary for the immediate protection of the public interest. Section 20-14(h), as amended by Section 1 of this Act, takes effect on the date on which it becomes law.

Approved:

Nancy Floreen, President, County Council

Date

Approved:

Isiah Leggett, County Executive

Date

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 8-10,

Finance – Public Facilities – Agricultural Easements

DESCRIPTION: Expedited Bill 8-10 amends the definition of public facilities in Chapter 20 to include the purchase of agricultural easements as defined in Article 2 of Chapter 2B.

PROBLEM: Under the current interpretation of County law, the definition of public facilities in Section 20-14 precludes the County from issuing general obligation bonds to purchase agricultural easements.

GOALS AND OBJECTIVES: To clarify County law such that the use of general obligations bonds can be used to purchase agricultural easements.

COORDINATION: Departments of Finance and Economic Development

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested

SOURCE OF INFORMATION: Amanda Mihill, Legislative Analyst, 240-777-7815

APPLICATION WITHIN MUNICIPALITIES: To be researched.

PENALTIES: None.



OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Joseph F. Beach
Director

MEMORANDUM

April 6, 2010

055690



TO: Nancy Floreen, President County Council
FROM: Joseph Beach, Director
SUBJECT: Expedited Bill 8-10, Finance - Public Facilities - Agricultural Easements

The purpose of this memorandum is to transmit a fiscal impact statement to the Council on the subject legislation.

LEGISLATION SUMMARY

The proposed legislation amends the definition of public facilities in Chapter 20 to include the purchase of agricultural easements as defined in Article 2 of Chapter 2B.

FISCAL SUMMARY

The proposed legislation expands the circumstances when General Obligation Bonds can be issued. Provided that overall debt issues remain within budgeted and planned limits, this legislation would not result in an overall increase in debt service costs. Agricultural easements are currently paid for through the proceeds of the Agricultural Transfer Tax and interest earned on the investment of these tax revenues. If General Obligation Bonds were used to finance these purchases than the cost of the easements acquired would increase by the outstanding interest due on the amount of General Obligation Bonds used for the purchases.

ECONOMIC IMPACT STATEMENT

This bill has no quantifiable economic impact, though it may create opportunities for the County to protect farmland from future development within the Agricultural Reserve.

The following contributed to and concurred with this analysis: Bryan Hunt, Office of Management and Budget, Jennifer Barrett and Glenn Wyman, Department of Finance.

JFB:bh

- c: Kathleen Boucher, Assistant Chief Administrative Officer
- Dee Gonzalez, Offices of the County Executive
- Jeremy Criss, Department of Economic Development
- Glenn Wyman, Department of Finance
- Jacqueline Carter, Office of Management and Budget
- John Cuff, Office of Management and Budget

Office of the Director



AGRICULTURAL PRESERVATION ADVISORY BOARD

April 5, 2010

The Honorable Nancy Floreen
Montgomery County Council President
100 Maryland Avenue
Rockville Maryland, 20850

Dear Council President Floreen;

Please accept this letter on behalf of the Montgomery County Agricultural Preservation Advisory Board (APAB) in support of Expedited Bill 8-10 Finance-Public Facilities-Agricultural Easements.

The APAB thanks the County Council for the opportunity to provide comments on this bill.

The APAB is very appreciative to the members of the Planning Housing and Economic Development committee for proposing this bill and we encourage the full council to approve it.

This bill goes a long way in demonstrating the County's commitment to farmers and the Agricultural Reserve because it will authorize the use of General Obligation Bonds for the purchase of agricultural preservation easements.

This outcome will enable the county to further protect farmland in the Agricultural Reserve at a time when the Great Recession has lowered the price of farmland, making farms more affordable for farmers to purchase and enroll in preservation programs.

We understand the passage of Council Bill 8-10 will mean that funding of G.O. Bonds for Agricultural Land Preservation must compete with other County projects.

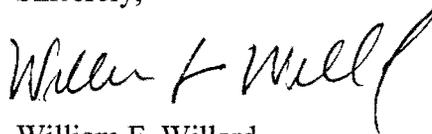
Nevertheless, it is important to note that the opportunities which exist today in the real estate market will not last forever and once the real estate market starts to improve it may be too late to appropriate GO bonds.

The Honorable Nancy Floreen
April 5, 2010
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The approval of this Expedited bill 8-10 will go a long way in providing additional financial help to the agricultural community and the farmers as they make important decisions that will impact both their businesses and the future of agriculture in Montgomery County.

Thank you for this opportunity to provide these comments on Expedited Bill 8-10.

Sincerely,

A handwritten signature in black ink that reads "William F. Willard". The signature is written in a cursive style with a large, sweeping flourish at the end.

William F. Willard,
Agricultural Preservation Advisory Board.



AGRICULTURAL ADVISORY COMMITTEE

April 6, 2010

The Honorable Nancy Floreen
Montgomery County Council President
100 Maryland Avenue
Rockville Maryland, 20850

Dear Council President Floreen,

Please accept this letter on behalf of the Montgomery County Agricultural Advisory Committee (AAC) in support of Expedited Bill 8-10 Finance-Public Facilities-Agricultural Easements.

The AAC appreciates the opportunity to provide these comments on this bill.

The AAC supports the views of the APAB and we want to acknowledge the leadership of the County Council in recommending this legislation.

The authorization to use General Obligation Bonds for the purchase of agricultural preservation easements represents a tremendous step forward for the County Government and it provides another tool for both funding and fulfilling our public policy to protect the agricultural reserve.

As a former member of the APAB, I endorsed the 1989 Farmland Preservation Goal of protecting 70,000 acres of farmland by the year 2010. Last January 2009, the County Executive announced the accomplishment of this milestone at Sunny Ridge Farm one year ahead of schedule.

This outcome and recognition of achieving the goal early was due partly to the economic downturn that started in 2007. Enrollment into farmland preservation programs reveals an increasing trend during periods of economic recession and this is occurring today here in Montgomery County.

Up until 2008, Montgomery County was the leading county in the nation for total acres protected by easements. While we always knew that some day other counties with more acres in farming like Lancaster County PA, would pass us, it is important to mention that Bond funding approved by their voters represented the means for Lancaster County to acquire agricultural easements and surpass Montgomery County.

**Kelsey Stabler's Testimony
Montgomery County Council
April 6, 2010**

- My name is Kelsey Stabler, I live at 5900 Damascus Road in Laytonsville. I'm a senior at Damascus High School, graduating this spring, with plans to attend Mt. Saint Mary's in Emmittsburg, Md.

- Our farming operation (known as Pleasant Valley Farm) is a partnership owned by my grand parents, Robert and Betsy Stabler and my dad, Randy Stabler. Our operation consists of approximately 2600 acres of traditional grain crops and a herd of beef cattle.

- I'm here today to testify on Montgomery County's support of sustainable agriculture. Specifically I'd like to ask the Council's support of the use of General Obligation Bonds (G.O. Bonds) as part of the Capital Budget, to be used as a funding resource for Ag Land Preservation.

- As I sit here before you today, I do not claim, at my age, to fully understand Montgomery County's Capital Budget. My Grandfather and Dad encouraged me to represent our farming operation today and explained their thoughts as to the importance of Ag Land Preservation to the future of viable agriculture in Montgomery County. They explained to me, by Montgomery County investing public resources in Ag Land Preservation, it would insure that agriculture remains a viable resource in the economic landscape of our county.

- In closing please approve the use of G.O. Bonds to help fund the County's Capital Budget, and specifically the needs of the county's Land Preservation Programs. By doing so you will help to ensure viable agriculture today and for future generations to come.

Thanks,

Kelsey Stabler