

An aerial photograph of a rural landscape during autumn. The trees are in various shades of yellow, orange, and green. A river or stream flows through the scene, and there are some buildings and fields visible. The text is overlaid on this image.

Recommendations of the
Rural Economies Workgroup
to the
Maryland Sustainable Growth
Commission

September 28, 2015

Why Preserve Land?



Why Preserve Land?




Why Preserve Land?





Why Preserve Land?

How do land preservation programs work?



Land preservation programs separate the “development rights” associated with zoning from the “residual or farm value.” Thus owners can sell the development potential, without selling their land.

What programs are available in Maryland?

State Programs

- ❖ Maryland Environmental Trust
- ❖ Maryland Agricultural Land Preservation Foundation
- ❖ Rural Legacy Program

County Programs

- ❖ Transferable Development Rights
- ❖ Easement Purchase

*** STATE & COUNTY PROGRAMS ARE VOLUNTARY and NONE REQUIRE PUBLIC ACCESS ***

The Maryland Environmental Trust is a statewide land trust.

Our mission is to provide landowners with information and tools to permanently protect natural, historic and scenic resources in the state.

Maryland Environmental Trust works with landowners and citizen land trusts to protect Maryland's most treasured landscapes and natural resources as a legacy for future generations.



Sotterley Easement

As one of the oldest and most successful land trusts in the country, MET holds over 1,000 conservation easements preserving over 125,000 acres statewide. From the Chesapeake Bay to the mountains of Garrett County, our Land Conservation, Monitoring and Stewardship, and Land Trust Assistance Programs promote the protection of open land. MET also provides grants to environmental education projects through the Keep Maryland Beautiful Program.

MET Program Highlights

- ❖ Preserved over 1,070 properties, totaling over 132,000 acres in Maryland
- ❖ Owner donates perpetual conservation easement
- ❖ Benefits –tax deduction & estate planning
- ❖ No deadline to apply; however, if owner wants to donate in a particular year, must submit by September.



<http://www.dnr.state.md.us/met/>

The Maryland Agricultural Land Preservation Foundation

What is the Maryland Agricultural Land Preservation Foundation?

The Maryland Agricultural Land Preservation Foundation (MALPF) was established by the Maryland General Assembly in 1977 and is part of the Maryland Department of Agriculture. The Foundation purchases agricultural preservation easements that forever restrict development on prime farmland and woodland. MALPF settled on its first purchased easement in October 1980.

During its 25th year of preserving agricultural land, MALPF will have helped landowners permanently protect from development more than 250,000 acres on almost 2,000 farms. The Foundation has preserved farmland in all of Maryland's 23 counties. Today, the Foundation manages a public investment of over \$333 million in permanently preserved land. The Maryland Agricultural Land Preservation Program is one of the most successful programs of its kind in the nation. Maryland has preserved in perpetuity more agricultural land than any other state in the country.

What is the Foundation's Mission?

The mission of the Maryland Agricultural Land Preservation Foundation is:

- to preserve productive farmland and woodland for the continued production of food and fiber for all of Maryland's citizens;
- to curb the expansion of random urban development;
- to protect wildlife habitat; and
- to enhance the environmental quality of the Chesapeake Bay and its tributaries.



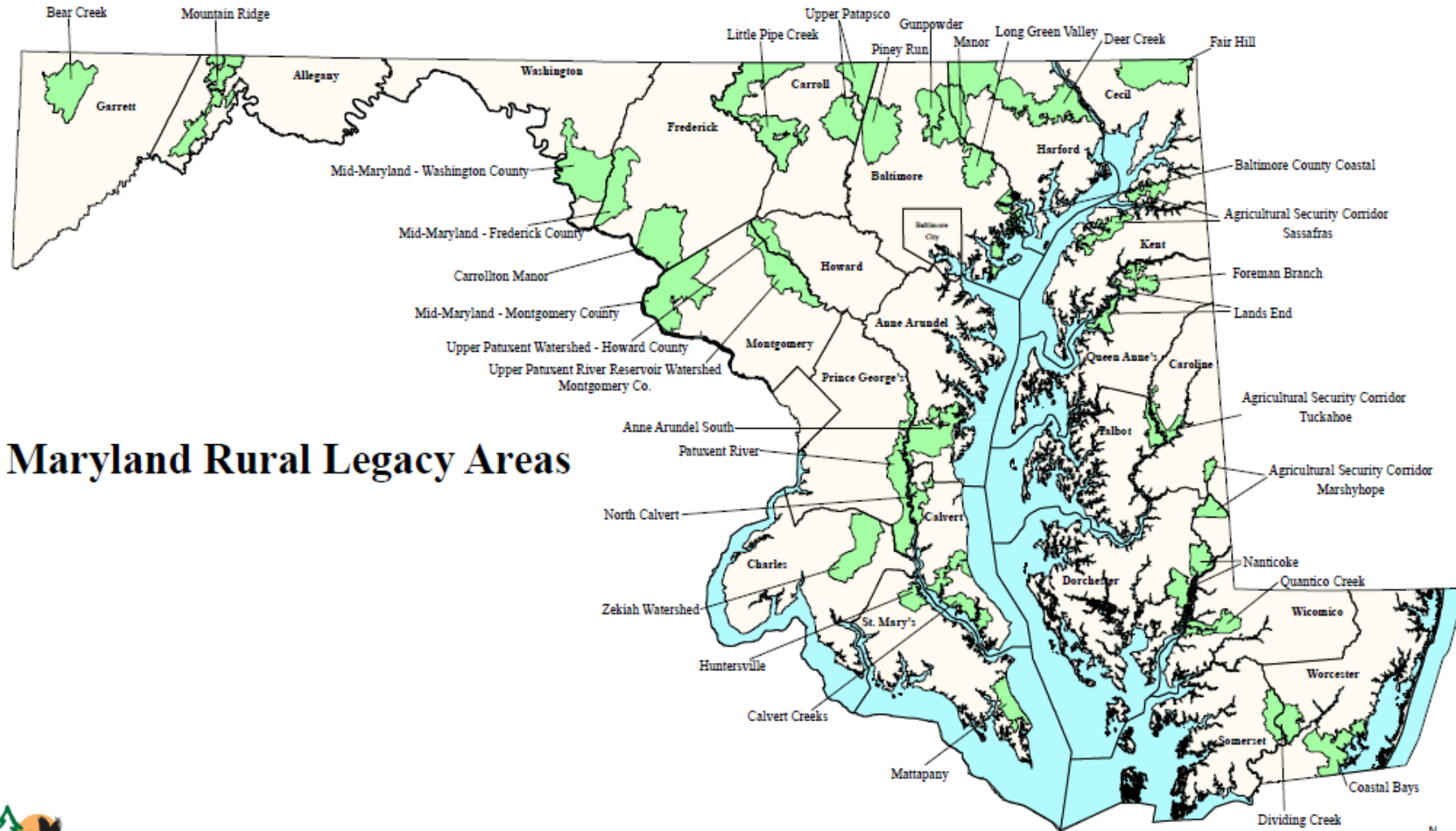
*"Becoming part of the program has made life easier for me and my wife in our retirement. We wanted to preserve the farm as a farm and keep it out of development."
--Jean and Virginia Mae Carlton, Brownsley Hall Farm, Anne Arundel County*

Rural Legacy

- ❖ State began program in 1997
- ❖ Encourages local governments and private land trusts to identify Rural Legacy Areas and to competitively apply for funds
- ❖ Easement and fee simple purchase
- ❖ Over 83,000 acres protected



All Maryland counties contain at least one Rural Legacy Area



Maryland Rural Legacy Areas



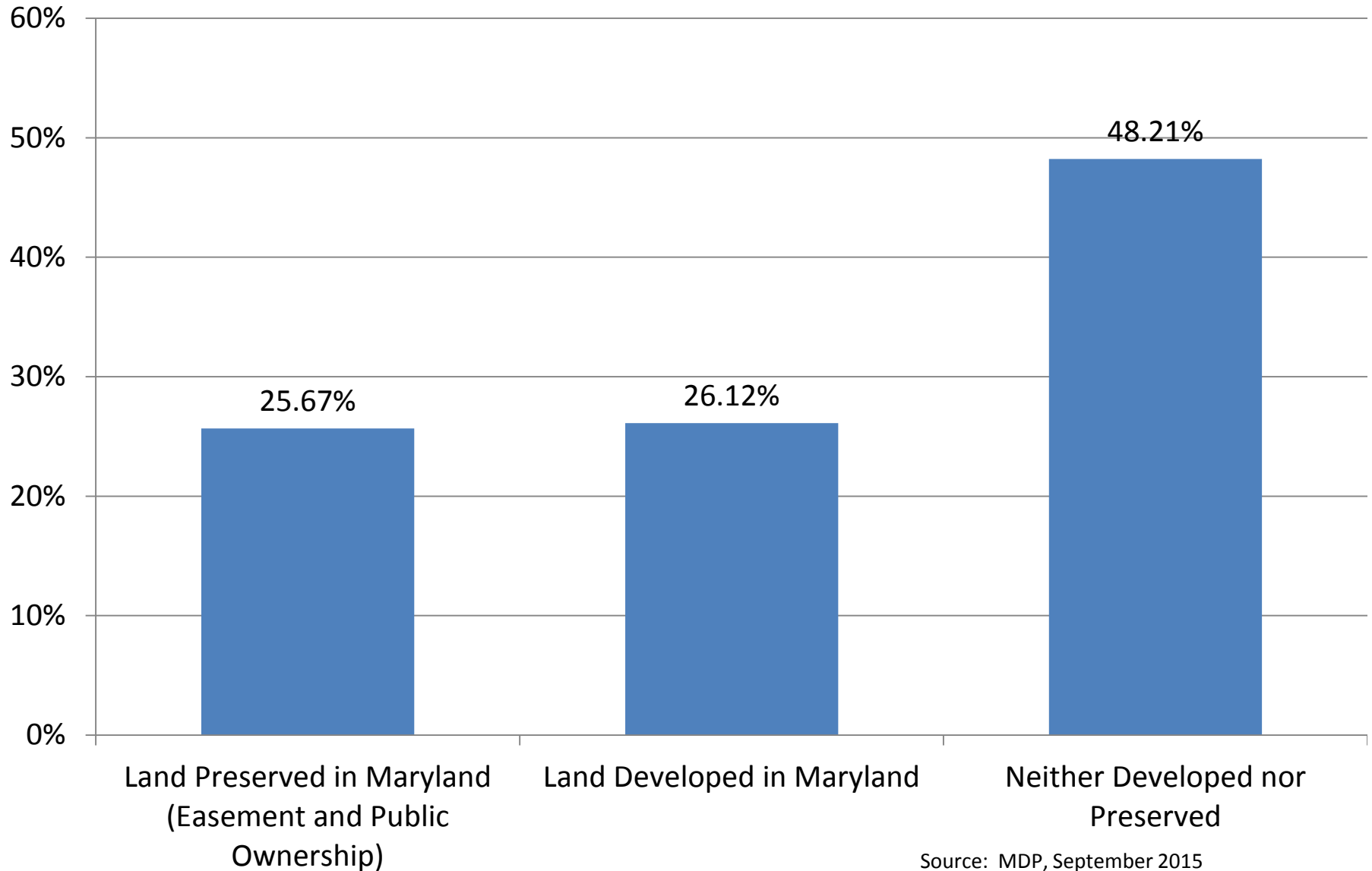
Map Production Date: September 2010



Rural Legacy—Con't

- ❖ Easement does not grant public access. Owners who offer public access get higher ranking & easement value if it is offered
- ❖ Lump sum payment for easement
- ❖ Property must be located within a designated Rural Legacy Area
- ❖ Owner needs to indicate interest to be on eligibility list

Land Preserved, Developed, or Neither in Maryland, Outside Baltimore City



Source: MDP, September 2015

Recommendation 1

Recognize that land preservation is economic development and makes fiscal sense

- ❖ The Governor & General Assembly can support this with a perspective that \$\$\$ for land preservation is good policy AND essential to rural resource-based economic development
- ❖ Preservation costs less than government servicing rural land after it is developed and, therefore, saves taxpayers money

Recommendation 2

Safeguard and Fully Fund Land Preservation

- ❖ Stop diverting state revenues through the legislative budgeting process from the real property transfer tax and the agricultural land transfer tax, which are dedicated to Program Open Space, Agriculture Land Preservation Fund, Rural Legacy Program, and Heritage Conservation Fund;
- ❖ Utilize the initial percentages of revenue distribution established by the legislators for the intended purposes of land preservation, recreation and heritage areas; and
- ❖ If state transfer tax funds are still diverted in the future, a constitutional amendment to have a “lockbox” for land preservation funds should be considered.

Recommendation 3

Consider raising the annual state income tax deduction cap for donated / discounted easement sales

- ❖ Consider making the tax credit transferable
- ❖ In the meantime, amend Article - Tax – General §10–723 to make the tax credit easier to use

Recommendation 3—Con't

Virginia acquires most of its easements through a transferable tax credit program

- ❖ It allows an income tax credit for 40% of the value of donated land / easements
- ❖ Taxpayers may use up to \$100,000 per year for year of sale and 10 subsequent tax years
- ❖ Unused credits may be sold, allowing individuals with little or no Virginia income tax burden to take advantage of this benefit
- ❖ Virginia's program doesn't prioritize the location or resource value of its easements, but that can be changed in MD

Recommendation 4

Be briefed by the TDR Committee when it finishes its work early in 2016 and consider endorsing its recommendations

