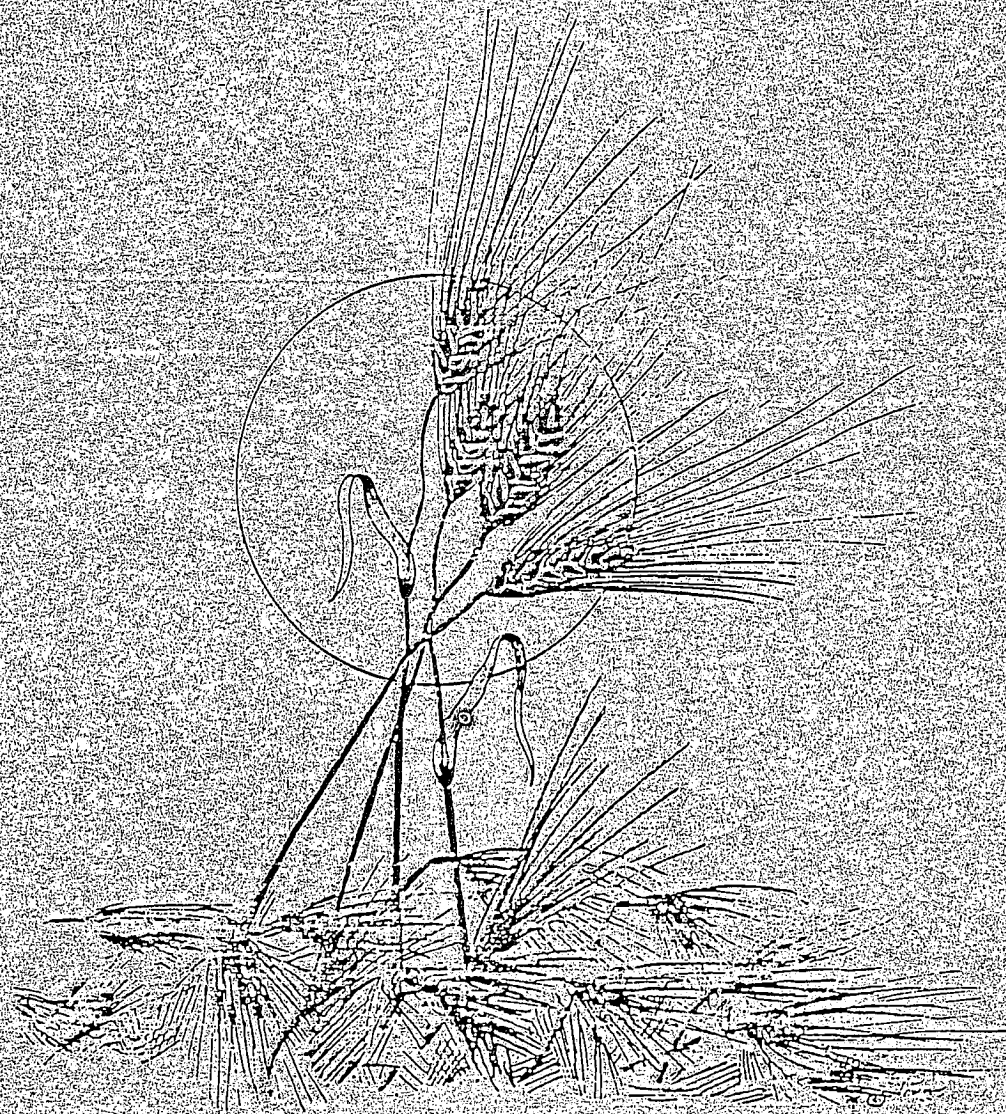


Maryland
Agricultural Land
Preservation Foundation
Annual Report
1989



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

ANNUAL REPORT

FOR

FISCAL YEAR 1989

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

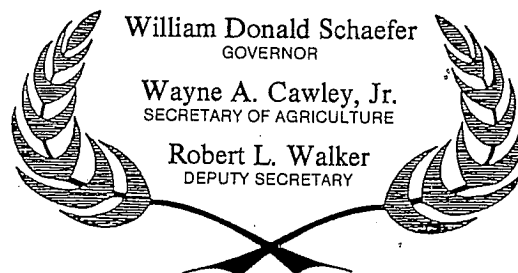
William I. Guy, Chairman
Paul W. Scheidt, Executive Director

OFFICE OF MARKETING AND AGRICULTURAL DEVELOPMENT

Ralph H. Hemphill, Director

**MARYLAND
DEPARTMENT OF AGRICULTURE**

50 Harry S. Truman Parkway
Annapolis, Maryland 21401



MDA 121-89



William Donald Schaefer
Governor

Melvin A. Steinberg
Lt. Governor

Wayne A. Cawley, Jr.
Secretary

Robert L. Walker
Deputy Secretary

STATE OF MARYLAND
DEPARTMENT OF AGRICULTURE
MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

November 1, 1989

The Honorable William Donald Schaefer, Governor
The Honorable Thomas V. Miller, Jr., President of the Senate
The Honorable R. Clayton Mitchell, Jr., Speaker of the House

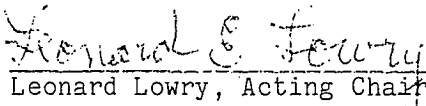
Gentlemen:

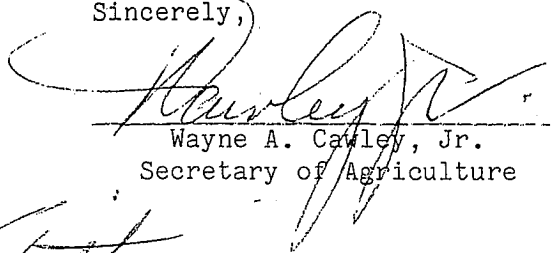
We are pleased to submit the Fiscal Year 1989 Annual Report of the Maryland Agricultural Land Preservation Foundation. In the twelfth year of our program, we continue to experience strong support in the agricultural community towards our efforts to save and preserve some of Maryland's finest farmland. In the past year, the total acreage enrolled in agricultural districts increased by 18,385 acres. This represents a 12% increase over the previous year and, to date, brings the grand total up to 169,709 acres enrolled in our program.

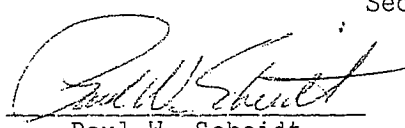
The amount of acreage that is permanently preserved as a result of the Foundation's purchase of development rights easements increased by 9,992 acres in FY '89, representing a 14% growth rate over the previous year. By the end of FY '89, the Foundation has under contract and settled on a grand total of 534 easements consisting of 79,480 acres, perpetually preserved. The total number of district and easement acres acquired by the Maryland Agricultural Land Preservation Foundation truly makes this the most successful program of its kind in the nation.

Although participation has increased 10-12% each year, Maryland has unfortunately lost far more agricultural acres than it has saved. Our mission is to preserve enough of Maryland's productive farmland to perpetually maintain a viable agricultural industry for the present and future citizens of the State, while controlling urban expansion which is consuming agricultural land at an unprecedented rate. Your continued strong support allows us to challenge the future where land use issues grow ever more critical.

Sincerely,


Leonard Lowry, Acting Chairman
Board of Trustees


Wayne A. Cawley, Jr.
Secretary of Agriculture


Paul W. Scheidt
Executive Director

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

FISCAL YEAR 1989 ANNUAL REPORT

REVIEW OF PROGRESS

GROWTH IN THE PROGRAM

One measure of the health of the Agricultural Land Preservation Program is the continuing establishment of new agricultural preservation districts. Properties in district status provide a pool of potential easement applicants. During FY '89, a 12% increase in the acreage base was achieved as 136 new agricultural preservation districts were established providing protection to 18,385 acres. During the same time period, however, the program lost 5,219 acres due to district terminations, lot exclusions and acreage adjustments. These adjustments reflect a 3% decrease in acres which is down from last years 4% reduction. By the end of FY '89, the Foundation had enrolled a total of 1,155 districts in the program, protecting 164,490 acres.

The number of development rights easements purchased by the Foundation slowed slightly in FY '89, but was very comparable to the total number of acres acquired in FY '88. After settlement, 69 new easement properties will add 9,987 acres of permanently preserved agricultural land, a 14% increase over last year's total acreage base. The program now totals 534 easement properties providing perpetual protection to 79,482 acres. This retires 48% of the current pool of total district acreage.

The FY '89 Easement Acquisition Program cost \$11.9 million, of which \$11.4 million, or 95%, was State funds and \$0.5 million, or 5%, was county funds. The average acquisition cost for FY '89 rose significantly to \$1,189 per acre, while last year's average was \$800 per acre. This increase of \$397 more per acre over last year's figure is expected to attract more participation in the program for FY '90. The current historic average acquisition cost increased from \$806 in FY '88 to \$853 in FY '89. Current land use figures for the total acreage base in the program are 63% cropland, 13% pasture, 21% woodland and 3% other uses.

Soil conservation plans are in effect on 63% of existing districts. Since FY '85, a criterion has been in effect that requires a soil conservation plan to be developed in order to be eligible to submit an easement application to the Foundation. To date, 138 districts which did not have soil conservation plans prior to district establishment had plans developed as a result of this requirement. Furthermore, since FY '85, landowners who sell their development rights easements, are required to follow the recommendations stated in their soil conservation plans and install necessary Best Management Practices (BMP's) according to the plan's schedule of implementation.



PROGRAM ISSUES IN FY '89:

ACCELERATING THE PROGRAM PROCESS

Maryland Department of Agriculture Secretary Wayne A. Cawley, Jr., Deputy Secretary Robert L. Walker and representatives of the Foundation and the Department of General Services met with Governor William Donald Schaefer in the summer of 1988 to make a presentation of the Agricultural Land Preservation Program and to review its progress. Governor Schaefer indicated his strong support for the program but stressed his interest in accelerating the program process from the submission of easement applications through easement settlement.

A task force of the Departments of Agriculture and General Services analyzed the program for ways to improve efficiency, accelerate the process and solve some perennial problems without sacrificing the integrity of the program. It offered to the Foundation and the Secretary four proposed legislative bills which were approved and submitted as departmental legislation. The bills, described below, addressed the following issues: (1) the creation of two separate easement offer cycles in a year instead of one; (2) the creation of a new "fast track" option for easement sale; (3) a proposal to restructure the arbitration process; and, (4) a time saving measure for the processing of approvals for lot creation after easement purchase.

Only the offer cycle bill and lot approval bill were approved by the General Assembly and went into effect on July 1, 1989. The Department of Agriculture and the Foundation have continued an on-going evaluation of the program for improvements.

LEGISLATION

The General Assembly passed House Bill 751, entitled "Maryland Agricultural Land Preservation Foundation Easement Offers". This bill would allow the Foundation to operate two separate easement offer cycles in a year instead of one. Application deadlines were established for July 1 and January 1 of each year and would overlap, such that applications for the second offer cycle would be accepted, while easement offers for the first offer cycle were being made.

In order to allow the compression of two offer cycles in the same time frame that it would normally take during the traditional annual offer cycle, two measures were put into place. One would allow the Foundation to establish the maximum number of applications accepted during any one offer cycle, which would ensure that they could be handled with peak efficiency. The other measure would allow the Department of General Services to order appraisals as soon as the Foundation compiled this list of applications, rather than wait for formal county approval. Appraisals that were ordered for applications and subsequently rejected by a county, would be cancelled and a set cancellation fee would be paid to the appraiser. This measure will save 60-90 days per offer cycle.

It is anticipated that the average range of time from application deadline to easement settlement will be 9-14 months, a significant reduction from the previous average of 12-18 months. Landowners who miss an application deadline will only have to wait six months, rather than a year in the traditional program. The collective total of easement offers that could be made in two offer cycles, will significantly increase the average offer totals of previous years.

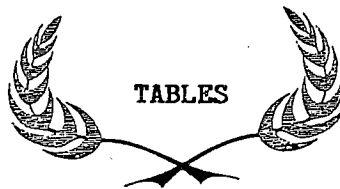
House Bill 759 was proposed by the Department to create a "minimum value option". A determination of a basement value, to be set by region with prior approval by the Board of Public Works, would present the minimum amount per acre that the Foundation would offer for any qualified district in the region. Any landowner, who would accept the minimum value, could immediately proceed to settlement after the establishment of his/her district. Minimum value purchases would be funded only if a surplus of funds remained after the conclusion of offers in the regular easement program. Applications for this minimum value would be accepted on a first come-first served basis. It was anticipated that most of the interest in this option would be generated in the more rural parts of the State. It was thought that this would assist in establishing a significant presence of preserved agricultural land, before development pressure was a serious competitive force. For landowners in financial difficulties, this would be the "fast track" option that could provide cash within three months of district establishment. However, the bill was killed in committee.

House Bill 76 was passed by the General Assembly and allowed the lot approval process to be streamlined. After an easement is purchased, the original easement seller has the right to create lots for himself and his children at a density of one lot per 20 acres, or a portion thereof, with a maximum of 10 lots per property. The process from the landowner's request to official creation of the lot required: county approval; Foundation approval; the acquisition of a survey; the reimbursement of the easement payment for the lot; approval by the Board of Public Works; and, recordation of documents in the land records. In the past years, this process took an average of 3-6 months to complete. The right to create lots is clearly defined in the law and is a routine matter. This bill removes the necessity of submitting each lot request to the Board of Public Works, reducing the process to an estimated average of 1 1/2-3 months.

House Bill 291 proposed a restructuring of the current arbitration process. Landowners who were not satisfied with the easement offers that were made, based on appraisals conducted by the State, could file for a determination of value before the county property tax assessment appeals board. The decision could be appealed by either party to the Maryland Tax Court, however, the final approval of an easement offer, based on arbitration, is made by the Board of Public Works. The State perceived a problem in this process because decisions by the individual local appeals boards were not always uniform across the State in their approach to the determination of values. The bill would create one Appraisal Review Board to hear all cases statewide. Board members would be professional appraisers, qualified to perform appraisals for the program and representatives of the agricultural community. House Bill 291 was killed in committee.

House Bill 1359 was passed and provided an exception to the maximum lot size of one acre. For any easement property located within 2,500 feet of the normal water level of an existing or proposed water supply reservoir, two acre lots will be created for easement owners or their children. This exception resolves a conflict between the program and regulations adopted by the Department of the Environment.

House Bill 1385 was passed and changes the process in the collection of agricultural transfer tax. Previously, counties retained one third of the local agriculture transfer tax and sent two thirds to the Comptroller for deposit in the Agricultural Land Preservation Fund. (Montgomery County retains two thirds and submits one third to the Comptroller.) If a county does not commit or expend its retained share of revenue on agriculture preservation within three years, it was collected by the State and placed in a special account, for use only in the county of origin. If it could not be spent in the county of origin within five years after being placed in the special account, the funds would then be absorbed by the Agricultural Preservation Fund. House Bill 1385 now allows a county government to decide whether to submit the unexpended three year old local shares of agricultural transfer tax to the special account, or, to transfer the revenue to the county's Program Open Space account. This money will then be used for the acquisition of woodland or purchase of agricultural easements for recreation and open space purposes.



ACREAGE REDUCTION - Page 13

The table showing acreage reductions in districts or easement properties lists the five factors that would result in an adjustment of the program's acreage base. The routine exclusion of one acre building lots for original owners and/or their children totalled 10.8 easement acres. Acres excluded for building lots, to date, total 45.9 easement acres.

Since 1982, it has been a requirement that, when new lots are created on lands where the Foundation has purchased a development rights easement, the landowner must pay back the per acre value of the easement offer. A payback is not required on easements purchased prior to 1982, or for lots surrounding dwellings which existed at the time of settlement. The landowner is not compensated for the one acre area surrounding each dwelling that was in existence at the time of easement purchase, although the easement restrictions are placed in force on the total property acreage. The total payback amount collected during FY '89 was \$7,883.51, which brings the total, to date, to \$25,251.22. Land in districts or easements which is directly impacted by public benefit such as improvements of roads, bridges or culverts is excluded when requested by county governments. Only 4.89 acres were excluded in FY '89, however, no payback was required as this reduction was on district, and not easement, property. To date, 17.69 acres have been excluded for such public improvements with a total payback of \$1,549.04.

The most significant acreage reduction factor in FY '89 was the termination of districts. Four districts and a portion of two others, totalling 735.965 acres, were terminated before the normally required five year period due to severe economic hardship. Twenty nine districts, totalling 4,394.541 acres, terminated after the minimum five year period. To date, a total of 88 districts covering 15,088.81 acres have been terminated, 8% of the gross total acreage base in district status. The gross total acreage base is the current district acreage plus terminated acreage.

In the easement settlement process, acreage adjustments are often made after a title search is performed. The verification of acreage through research of ownership including out-conveyances and surveys, if necessary, may total a different amount than that shown on the district agreement. Although such adjustments are more often reductions, there are sometimes increases in acreage. The net loss in FY '89 was 73.1 acres which brings the total, to date, to 515.4 acres.

Acreage reductions from all sources total 5,219.3 acres for FY '89. To date, total acreage reductions from all sources total 15,6835 acres. Adjustments to the district acreage base for FY '89 are shown on the FY '89 District Participation Table on page 14. Adjustments to easement acreage is shown on the FY '89 Easement Participation Table on page 16 for lot exclusions and public benefit, such as road improvements. Adjustments from deeds are reflected in the Historic Perspective Table on page 18.

FY '89 DISTRICT PARTICIPATION - Page 14

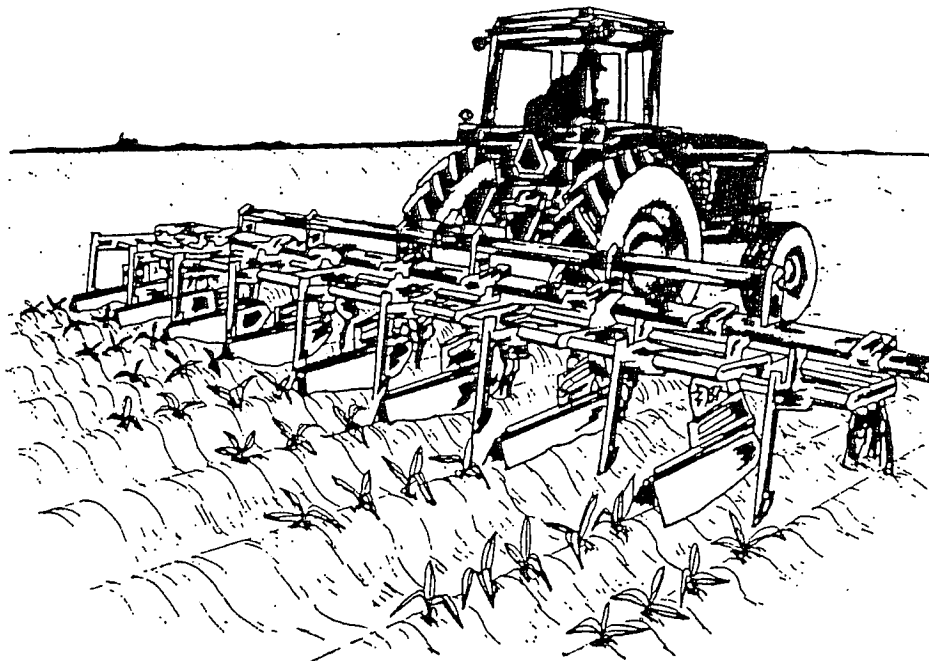
The Foundation approved the establishment of 136 agricultural preservation districts protecting 18,385 acres in FY '89. The new acreage provided a 12% increase to last year's total of 151,324 acres. After acreage adjustments, a new total of 1,155 districts protecting 164,490 acres are enrolled in the program. The average farm size of the new FY '89 districts was 135 acres, down from the FY '88 average of 139 acres. By comparison, the average farm size of all districts was 142 acres, down from last year's average of all districts of 144 acres.

In comparing individual counties, Carroll County still leads the State in district acreage, representing 18% of the total statewide participation, with Caroline County as a close second with 15.1% of the total acreage. The 37 new districts established in Carroll County in FY '89 shows more new growth than any other county for the year, as measured by the number of landowners. Carroll County also had the largest acreage gain in the State with 4,535 acres, followed by Caroline County with 4,155 acres. Substantial increases were also made in Baltimore, Charles, Queen Anne's, Somerset, Washington and Wicomico Counties.

On a regional perspective, all regions are growing. The most growth is in the Upper Shore Region, adding 5,623 acres in FY '89 and gaining 1% of the State total, while the Central Region declined by about the same amount. Modest gains were made in the Lower Shore Regions while the Southern and Western Region declined slightly. Clearly, the majority of the farmland that was entered into the State's program in FY '89 was from the Eastern Shore. See page 7 for the regional analysis of district participation.

In addition to the growth by region and individual county, the program benefits by the establishment and growth of preservation areas, which is defined as the total amount of contiguous land under district agreement. The greater the "critical mass" of preserved agricultural land, the greater the insulation against development pressure. Preservation areas of significant size can also be instrumental in the retention of agricultural suppliers and services in the vicinity, as well as sustaining a sense of a traditional agricultural community and rural atmosphere. In this voluntary program, the growth of preservation areas also indicates the effectiveness of "word of mouth" advertising in the agricultural community as some farmers in an area wait to see how their neighbors fared in the program before they themselves sign up to join. Gains made with this type of growth indicate that farmers continue to perceive it to be a successful program for their purposes.

The largest preservation area in the State is in Carroll County, known as the "Uniontown Preservation Area" consisting of 11 easement and 13 district properties, covering 3,012 contiguous acres. In addition to this area, Carroll County also has one other preservation area exceeding 2,500 contiguous acres. Talbot County has a preservation area which exceeds 2,000 acres consisting of 1 easement and 7 district properties, unchanged from FY '86. There are 23 preservation areas that are between 1,000 and 2,000 acres each, 9 more than FY '88 and 12 more than FY '87. There are 61 preservation areas that are between 500 and 1,000 acres, 14 more than FY '88 and 17 more than FY '87.





**REGIONAL ANALYSIS:
PERCENTAGE OF TOTAL DISTRICT ACREAGE**

REGION	FY '86	FY '87	FY '88	FY '89
WESTERN:				
Garrett				
Allegany	16.4%	15.4%	14.8%	14.1%
Washington	20,391 acres	22,020 acres	22,467 acres	23,269 acres
Frederick				
CENTRAL:				
Carroll				
Baltimore				
Harford	44.7%	41.5%	39.4%	39.3%
Montgomery	55,486 acres	59,152 acres	59,619 acres	64,691 acres
Howard				
SOUTHERN:				
Anne Arundel				
St. Mary's				
Calvert	12.5%	11.6%	12.1%	11.4%
Charles	15,545 acres	16,511 acres	18,335 acres	18,728 acres
Prince George's				
UPPER SHORE:				
Queen Anne's				
Talbot				
Cecil	24.3%	29.5%	31.5%	32.4%
Kent	30,202 acres	42,028 acres	47,629 acres	53,252 acres
Caroline				
LOWER SHORE:				
Dorchester				
Wicomico	2.1%	2.0%	2.2%	2.8%
Worcester	2,548 acres	2,819 acres	3,273 acres	4,550 acres
Somerset				
TOTAL ACREAGE	124,172 acres	142,530 acres	151,3240 acres	164,490 acres

FY '89 CERTIFICATION REPORT - Page 15

The report shows the Certified Agricultural Land Preservation Fund with which FY '89 easement offers were made. The FY '88 certification amount of \$12.9 million left a balance of approximately \$5.8 million in late rejected offers and surplus funds. The offer process must end by the end of the fiscal year.

Approximately \$10 million in the Fund's share of agricultural transfer tax shown as "FY '88 Net Revenue" because it was generated during FY '88, less administrative overhead, and available for use in FY '89. The "FY '88 Unexpended Three-Year-Old County Agricultural Transfer Tax" totalling nearly \$523,000 allocated to special accounts. These accounts are to be applied towards easement acquisitions in the county of origin, after a county's local share of agricultural transfer tax was unused for over three years and billed by the Comptroller by law.

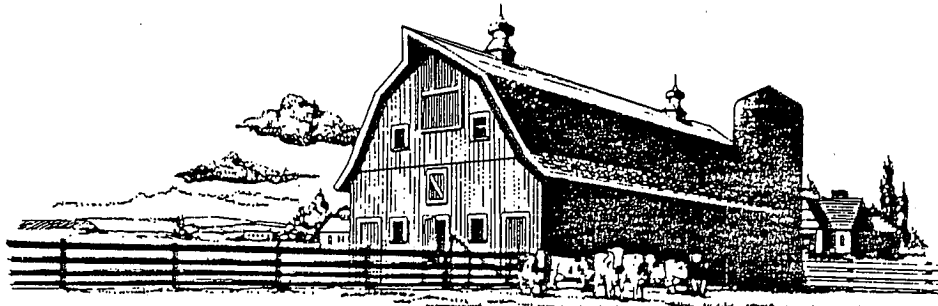
Encumbrance cancellations show adjustments in easement purchases due to reduction in acreage after a title search has been conducted, prior to settlement. It could also include situations where landowners subsequently reject offers, months after they had initially accepted them.

To the unencumbered fund balance of over \$18 million, \$5 million in Program Operating Space funds were added, yielding a FY '89 Certified Agricultural Land Preservation Fund balance of over \$23 million. County matching funds provided an additional commitment of \$1.8 million.

FY '89 EASEMENT PARTICIPATION - Page 16

Easement acreage under contract status in FY '89 was determined when offers for purchase easements were accepted by 69 of 111 applicants to permanently protect 9,900 acres. The FY '89 easement acquisition provided a 14% increase to last year's total of 69,506 acres for a total, to date, of 534 easement properties permanently protecting 79,482 acres. This amount is significantly more than any other program of its kind in the United States.

Comparing individual county progress, Carroll County still leads the State and the nation with 16,522 acres, permanently preserved, which is 20.8% of the State total, down from 21.2% in FY '88. The largest amount of acreage acquired in FY '89 came from Queen Anne's County and totaled 2,439 acres, a 70% county increase over last year's total, for a new total of 5,939 acres. This represents 7.5% of the State total, up from 5% in FY '88. Cecil County added 344.43 acres, which more than doubled its FY '88 total, showing a county growth rate of 114%. Dorchester County added 485 acres to the program in FY '89 consisting of three easement properties, which now represents 0.5% of the State total. These are the first easements to be purchased in Dorchester County since the program began in 1977. Significant activity also occurred in Baltimore, Caroline, Carroll, and Kent Counties.



**REGIONAL ANALYSIS:
PERCENTAGE OF TOTAL EASEMENT ACREAGE**

REGION	FY '86	FY '87	FY '88	FY '89
WESTERN:				
Garrett				
Allegany	15.6%	15.9%	15.2%	13.8%
Washington	7,543 acres	9,534 acres	10,648 acres	10,987 acres
Frederick				
CENTRAL:				
Carroll				
Baltimore				
Harford	54.7%	48.2%	44.9%	42.8%
Montgomery	26,472 acres	28,957 acres	31,374 acres	34,052 acres
Howard				
SOUTHERN:				
Anne Arundel				
St. Mary's				
Calvert	12.2%	11.2%	10.2%	9.2%
Charles	5,919 acres	6,767 acres	7,100 acres	7,293 acres
Prince George's				
UPPER SHORE:				
Queen Anne's				
Talbot				
Cecil	16.8%	23.4%	28.2%	32.0%
Kent	8,140 acres	14,049 acres	19,664 acres	25,430 acres
Caroline				
LOWER SHORE:				
Dorchester				
Wicomico	0.5%	1.3%	1.5%	2.2%
Worcester	267 acres	763 acres	1,072 acres	1,720 acres
Somerset				
TOTAL ACREAGE	48,341 acres	60,070 acres	69,858 acres	79,482 acres

With an addition of 5,766 easement acres, the Upper Shore Region increased its holdings by 3.8% in the FY '89 Easement Acquisition Program for a total of 32%. The Central Region added 2,678 acres, which declined the growth rate from 44.9% of the State total easement acreage in FY '88, to 42.8% in FY '89. The Upper and Lower Shore Regions have increased their percentages significantly, while the percentage for the Western, Central and Southern Regions show a decline. This shows that during FY '89, the majority (nearly 50%) of the acquired easement acreage was from the Upper and Lower Shore.

FY '89 EASEMENT ACQUISITION PROGRAM - PAGE 17

This table analyzes average values per county and for the State that had bearing on the FY '89 accepted offers, that will allow 9,987 acres to be placed under easement. Average values are useful to a point, but caution should be used in the context in which they might be applied. These values are strictly an average of asking prices and cite specific appraised values of property within each county for FY '89 only, pertaining exclusively to those properties on which easement offers were accepted. They should not be regarded as representative values of all farmland in a county.

The competitive bidding factor in the program allows the offer amount to equal the landowner's asking price or the appraised easement value, whichever is lower. The only other allowable value is an "insufficient funds offer", which is less than either the asking price or the appraised value. This offer would be based on the total amount of the remaining funds on hand to be used for easement acquisition. Such an offer may be turned down without penalty, but some are accepted because there is no guarantee of a subsequent full offer.

The average acquisition cost is usually less than the average asking price and the average appraised easement value, because each of its components is selected from the lower of the other two values. The FY '89 average acquisition cost of \$1,189 per acre is considerably higher than last year's average acquisition cost of \$792 per acre. The acquisition cost in FY '88 and FY '87 has continued to increase since FY '86 due primarily to the substantial influence of generally lower property values from the Upper Shore Region, providing more than half of the accepted offers and offsetting the higher values of the Central Region and some of the Southern Region which had established the norm in previous years. Average costs in the Upper Shore Region increased in FY '89.

After all the offers were made, 69 applicants accepted their offers at a total cost of \$11,873,849 of which \$11,333,789, or 95%, was State funds and \$540,060, 5%, was county matching funds. The discount value (i.e. the savings derived by an offer which was less than the appraised easement value) totalled \$1,415,393. Using the \$1,189 average acquisition cost per acre, an additional 1,190.41 acres were acquired in the FY '89 program due exclusively to the competitive bidding component of the program. This component, more than any other, allows the Maryland Program to be one of the most cost effective programs in the country.

Landowners who disagree with the values established by the State appraisal may file for arbitration with the local property tax assessment appeals board. In FY '89, there were 4 property owners of 5 properties that arbitrated their values. Over the history of the program, there have been 29 arbitration cases, representing 3% of the 944 easement applicants who could have requested arbitration. To date, 18 have been found in favor of the landowner, 11 found in favor of the State.

EASEMENT ACQUISITION PROGRAM - HISTORIC PERSPECTIVE - Page 18

The Historic Perspective Table shows easement acquisition by year, with the final annual figures reflecting adjustments from deeds and late rejections after an initial acceptance of an easement offer. The total dollar figures and average per acre figures by year for asking price, fair market, agricultural and easement values are based on appraisal acreage and do not reflect adjustments for acreage as settled. The total acquisition cost and per acre averages reflect final dollar figures. The historic total of acreage reductions resulting from lot exclusions were made at the bottom of the acreage column. An adjustment to reflect the total payback amount for lot exclusions, to date, is shown at the bottom of the acquisition cost column.

Over the last ten funded years, 534 of a potential 944 easement applicants, or 57%, have accepted offers permanently protecting 79,482 acres. Historically, the average farm size was 149 acres, with annual averages ranging from 135 to 172 acres. The average asking price was \$997 per acre, with a range in the annual averages from a low of \$884 per acre, to a high of \$1,432 per acre this year. The historic average of appraised fair market value was \$2,362 per acre, ranging from \$2,118 to \$2,764 per acre. The historic average of appraised agricultural value was \$1,389 per acre, with a range of annual averages of \$1,262 to \$1,550 per acre. The historic average of appraised easement value was \$973 per acre, ranging from \$837 to \$1,328 per acre.

The acquisition cost, that which is actually paid, is the asking price or the appraised easement value, whichever is the lower of the two. Landowners may discount their asking prices as a form of a competitive bid to improve their ranking and better insure that they will receive an offer. The new historic average acquisition cost was \$853 per acre, with annual averages ranging from \$753 - \$1,189 per acre.

The discount value over the history of the program totals \$9,087,172 in savings which resulted from making offers at a discounted asking price, rather than the appraised easement value. Using the historic average acquisition cost of \$853 per acre, an additional 10,653 acres were acquired by virtue of the competitive bidding mechanism. This mechanism is the single most cost effective component in the program.

PRESERVATION VERSUS CONVERSION - Page 19

The graph and tables contained in this report show a comparison between the amount of Maryland farmland that has been preserved versus farmland converted to other land uses from 1982 through 1989, and shows the corresponding amount of easement acreage acquired for each of those years.

In spite of being the most successful program in the country, Maryland's efforts have not been keeping pace with conversion, such that lost farmland far exceeds the amount of saved farmland. If one were to have made a guess in 1988, it would have appeared as though the amount of converted farmland would have gone off the chart for FY '89. Instead, it has decreased from 44,269 acres lost in FY '88, to 39,801 acres in FY '89. This decline is a direct result of the trends in the real estate market, and allows the Foundation to catch up on preserving more farmland, while reducing the distance between converted and preserved land as shown on the graph. To date, preservation has supplanted only 37% of the farmland lost during the past eight years, down from 40% last year, and 48% in FY '87.

To form a projection to the year 2000, the State has been losing an average of 24,266 acres per year and saving 8,975 acres per year based on performance of the past 8 years. At this pace, over the next 11 years, an estimated additional 266,926 acres could be lost and 98,725 more acres could be preserved leaving a net loss of 168,201 acres.

Although the Foundation is proud of the progress that has been made in its brief history, clearly a more substantial and sustained effort is required to simply keep pace with the farmland that will be lost.



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
ACREAGE REDUCTIONS IN DISTRICTS OR EASEMENT PROPERTIES
 RECORDED FROM JULY 1, 1988 TO JUNE 30, 1989
 (*Partial termination resulting in loss of partial district acreage.)

COUNTY	OWNER'S OR CHILDREN'S LOT EXCLUSIONS		EXCLUSION BY COUNTY FOR PUBLIC BENEFIT			EARLY TERMINATION FOR SEVERE ECON. HARDSHIP		DISTRICT TERMINATION AFTER 5 YEARS		ACREAGE ADJUSTMENTS FROM DEEDS	TOTALS
	Easement Acreage	Payback Amount	District Acreage	Easement Acreage	Payback Amount	Number	Acreage	Number	Acreage		
ALLEGANY										-8.2920	-8.2920
ANNE ARUNDEL	-1.0	\$1,850.00						2	-170.210		-171.2100
BALTIMORE								2	-206.950	-2.9270	-209.8770
CALVERT	-1.0	\$1,473.22						1	-147.000	-13.2930	-161.2930
CAROLINE						*	-32.365			-54.7048	-87.0698
CARROLL	-5.1748	\$3,103.78	-4.88758					5	508.021	-12.4932	-530.5766
CECIL								2	-163.690		-163.6900
CHARLES								1	-350.000		-350.0000
DORCHESTER								1	-297.000	-3.5900	-300.5900
FREDERICK	-1.0	\$ 456.36						6	-1,211.520	-1.1960	-1,213.7160
GARRETT						*	-2.000			-3.4800	-5.4800
HARFORD										+9.3260	+9.3260
HOWARD	-1.0	\$1,000.00						1	-152.000		-153.0000
KENT										+10.8210	+10.8210
MONTGOMERY								1	-297.630		-297.6300
PRINCE GEORGE'S											
QUEEN ANNE'S	-1.657	N/A						1	-310.000	+3.6800	-307.9770
ST. MARY'S											
SOMERSET											
TALBOT						4	-701.600	1	-131.000		-832.6000
WASHINGTON								5	-449.520		-449.5200
WICOMICO										+3.0900	+3.0900
WORCESTER											
TOTAL	-10.8318	\$7,883.36	-4.88758	--0--	--0--	4	-735.965	29	-4,394.541	-73.0590	-5,219.2844

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
FY 89 DISTRICT PARTICIPATION

COUNTY	RECORDED DISTRICTS AS OF JUNE 30, 1988		APPROVED DURING FY 89		COUNTY ACREAGE GROWTH RATE	ACREAGE ADJUSTMENTS		TOTAL RECORDED AND APPROVED DISTRICTS AS OF JUNE 30, 1989		PERCENTAGE OF TOTAL
	No. of Districts	District Average	No. of Districts	District Average		No. of Districts	District Average	No. of Districts	District Average	
ALLEGANY	3	343.4900	0	0	0%	0	-8.2920	3	335.1980	0.2%
ANNE ARUNDEL	53	5,542.3628	2	209.0000	4%	2	-171.2100	53	5580.1528	3.4%
BALTIMORE	137	14,072.0481	16	1433.4697	10%	2	-209.8770	151	15,295.6408	9.3%
CALVERT	44	6,009.8652	1	141.6900	2%	1	-161.2930	44	5,990.2622	3.6%
CAROLINE	134	20,689.5267	34	4155.3380	20%	0	-87.0698	168	24,757.7949	15.1%
CARROLL	198	25,558.0756	37	4535.4768	18%	5	-530.5766	230	29,562.9758	18.0%
CECIL	28	4,512.8760	1	115.0000	3%	2	-163.6900	27	4,464.1860	2.7%
CHARLES	15	2,775.2780	7	724.6100	26%	1	-350.0000	21	3,149.8880	1.9%
DORCHESTER	11	1,702.0600	1	214.0800	13%	1	-300.5900	11	1,615.5500	1.0%
FREDERICK	79	13,515.7568	2	443.0000	3%	6	-1213.7160	75	12,745.0408	7.7%
GARRETT	27	4,416.8350	1	124.8950	3%	0	-5.4800	28	4,536.2500	2.8%
HARFORD	80	9,604.8501	3	284.2640	3%	0	+9.3260	83	9,898.4401	6.0%
HOWARD	55	6,961.1544	0	0	0%	1	-153.0000	54	6,808.1544	4.1%
KENT	28	4,609.4122	3	511.9140	11%	0	+10.8210	31	5,132.1472	3.1%
MONTGOMERY	19	3,423.1680	0	0	0%	1	-297.6300	18	3,125.5380	1.9%
PRINCE GEORGE'S	0	0	0	0	0%	0	0	0	0	0%
QUEEN ANNE'S	56	11,822.1700	9	1884.9400	16%	1	-307.9770	64	13,399.1330	8.2%
ST. MARY'S	22	4,007.8243	0	0	0%	0	0	22	4,007.8243	2.4%
SOMERSET	2	348.0000	4	603.2100	173%	0	0	6	951.2100	0.6%
TALBOT	29	5,995.1400	2	336.1800	6%	5	-832.6000	26	5,498.7200	3.3%
WASHINGTON	25	4,190.9075	6	1,911.1590	46%	5	-449.5200	26	5,652.5465	3.4%
WICOMICO	6	977.3100	7	756.9200	77%	0	+3.0900	13	1,737.3200	1.1%
WORCESTER	1	246.0000	0	0	0%	0	0	1	246.0000	0.2%
TOTAL	1,052	151,324.1107	136	18,385.1465	12%	33	-5,219.2844	1155	164,489.9728	100%

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

FY 1989 CERTIFICATION REPORT

FY'88 Certification	\$12,956,184.54	
FY'88 Easement Encumbrances and Expenditures	(7,079,235.84)	
FY'88 Fund Balance		\$ 5,876,948.70
FY'88 Net Revenue		10,033,650.76
FY'88 Unexpended Three-Year-Old County Agricultural Transfer Tax		522,893.07
FY'85 Encumbrance Cancellation	141,399.42	
FY'86 Encumbrance Cancellation	115,217.10	
FY'87 Encumbrance Cancellation	<u>1,382,028.43</u>	
		<u>1,638,644.95</u>
Unencumbered Fund Balance 6-30-88		18,072,137.48
FY'89 Program Open Space		5,000,000.00
FY'89 Certified MALPF Fund Balance		<u>\$23,072,137.48</u>

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
FY '89 EASEMENT PARTICIPATION

COUNTY	EASEMENTS ACQUIRED OR W/ CONTRACT STATUS AS OF JUNE 30, 1988		EASEMENTS OFFERED AND ACCEPTED DURING FY 89		COUNTY ACREAGE GROWTH RATE	LESS: EASEMENT REDUCTIONS	TOTAL EASEMENTS ACQUIRED OR W/ CONTRACT STATUS AS OF JUNE 30, 1989		PERCENTAGE OF TOTAL
	Number	Acreage	Number	Acreage			Number	Acreage	
ALLEGANY	1	175.0000	0	0	0%	0	1	175.0000	0.2%
ANNE ARUNDEL	22	2,410.4497	1	208.4700	9%	-1.0	23	2,617.9197	3.3%
BALTIMORE	57	7,004.8127	11	922.0520	13%	0	68	7,926.8647	10.0%
CALVERT	22	3,297.2013	0	0	0%	-1.0	22	3,296.2013	4.1%
CAROLINE	80	12,272.1824	8	1,462.8250	12%	0	88	13,735.0074	17.3%
CARROLL	108	14,803.0655	15	1,724.0130	12%	-5.1748	123	16,521.9037	20.8%
CECIL	2	303.2130	4	344.4265	114%	0	6	647.6395	0.8%
CHARLES	1	222.7500	0	0	0%	0	1	222.7500	0.3%
DORCHESTER	0	0	3	484.9700	100%	0	3	484.9700	0.6%
FREDERICK	36	6,441.5972	2	292.8683	5%	-1.0	38	6,733.4655	8.5%
GARRETT	12	1,957.9300	1	105.1600	5%	0	13	2,063.0900	2.6%
HARFORD	30	3,827.4557	2	136.8700	4%	0	32	3,964.3257	5.0%
HOWARD	27	3,959.7802	0	0	0%	-1.0	27	3,958.7802	5.0%
KENT	14	2,010.8692	7	1,311.3510	65%	0	21	3,322.2202	4.2%
MONTGOMERY	9	1,680.2078	0	0	0%	0	9	1,680.2078	2.1%
PRINCE GEORGE'S	0	0	0	0	0%	0	0	0	0%
QUEEN ANNE'S	18	3,501.4160	12	2,439.4380	70%	-1.657	30	5,939.1970	7.5%
ST. MARY'S	9	1,155.7230	0	0	0%	0	9	1,155.7230	1.4%
SOMERSET	2	369.0000	0	0	0%	0	2	369.0000	0.5%
TALBOT	4	1,533.5820	1	252.2500	16%	0	5	1,785.8320	2.2%
WASHINGTON	7	1,873.3975	1	142.2600	8%	0	8	2,015.6575	2.5%
WICOMICO	4	706.2600	1	159.9900	23%	0	5	866.2500	1.1%
WORCESTER	0	0	0	0	0%	0	0	0	0%
TOTAL	465	69,505.8932	69	9,986.9438	14%	-10.8318	534	79,482.0052	14.3%

FY '89 EASEMENT ACQUISITION PROGRAM

COUNTY	NUMBER OF EASEMENTS	TOTAL OF ACRES	AVERAGE FARM SIZE	AVERAGE ASKING PRICE PER ACRE	AVERAGE FAIR MARKET VALUE/ACRE	AVERAGE AGRICULTURAL USE/ACRE	AVERAGE EASEMENT VALUE/ACRE	ACQUISITION COST		DISCOUNT
								PER ACRE	TOTAL	
ALLEGANY	0	0	0	0	0	0	0	0	0	0
ANNE ARUNDEL	1	208.4700	208	\$2,300	\$2,988	\$1,398	\$1,600	\$1,600	\$322,000	0
BALTIMORE	11	922.0520	84	\$2,239	\$5,198	\$2,639	\$2,559	\$1,936	\$1,784,851	\$557,299
CALVERT	0	0	0	0	0	0	0	0	0	0
CAROLINE	8	1,462.8250	183	\$1,287	\$1,709	\$1,036	\$673	\$646	\$944,768	\$39,345
CARROLL	15	1,724.0130	115	\$1,667	\$2,745	\$1,298	\$1,447	\$1,427	\$2,459,525	\$35,012
CECIL	4	344.4265	86	\$2,750	\$4,127	\$1,386	\$2,741	\$2,672	\$919,136	\$23,616
CHARLES	0	0	0	0	0	0	0	0	0	0
DORCHESTER	3	484.9700	396	\$1,080	\$2,593	\$1,860	\$733	\$733	\$355,579	0
FREDERICK	2	292.8683	146	\$1,034	\$2,331	\$1,083	\$1,248	\$1,034	\$302,958	\$62,842
GARRETT	1	105.1600	105	\$500	\$1,050	\$700	\$350	\$350	\$36,500	0
HARFORD	2	136.8700	68	\$2,000	\$3,229	\$1,718	\$1,511	\$1,511	\$207,000	0
HOWARD	0	0	0	0	0	0	0	0	0	0
KENT	7	1,311.3510	187	\$764	\$1,993	\$1,418	\$575	\$562	\$737,195	\$16,589
MONTGOMERY	0	0	0	0	0	0	0	0	0	0
PRINCE GEORGE'S	0	0	0	0	0	0	0	0	0	0
QUEEN ANNE'S	12	2,439.4380	203	\$1,365	\$2,995	\$1,396	\$1,599	\$1,337	\$3,261,949	\$679,576
ST. MARY'S	0	0	0	0	0	0	0	0	0	0
SOMERSET	0	0	0	0	0	0	0	0	0	0
TALBOT	1	252.2500	252	\$1,000	\$1,731	\$1,122	\$609	\$609	\$153,000	0
WASHINGTON	1	142.2600	142	\$1,100	\$2,159	\$1,051	\$1,108	\$1,100	\$155,386	\$1,114
WICOMICO	1	159.9900	159	\$1,500	\$2,400	\$1,000	\$1,400	\$1,400	\$224,000	0
WORCESTER	0	0	0	0	0	0	0	0	0	0
TOTAL	69	9,986.9438	145	\$1,432	\$2,764	\$1,435	\$1,328	\$1,189	\$11,873,849	\$1,415,393

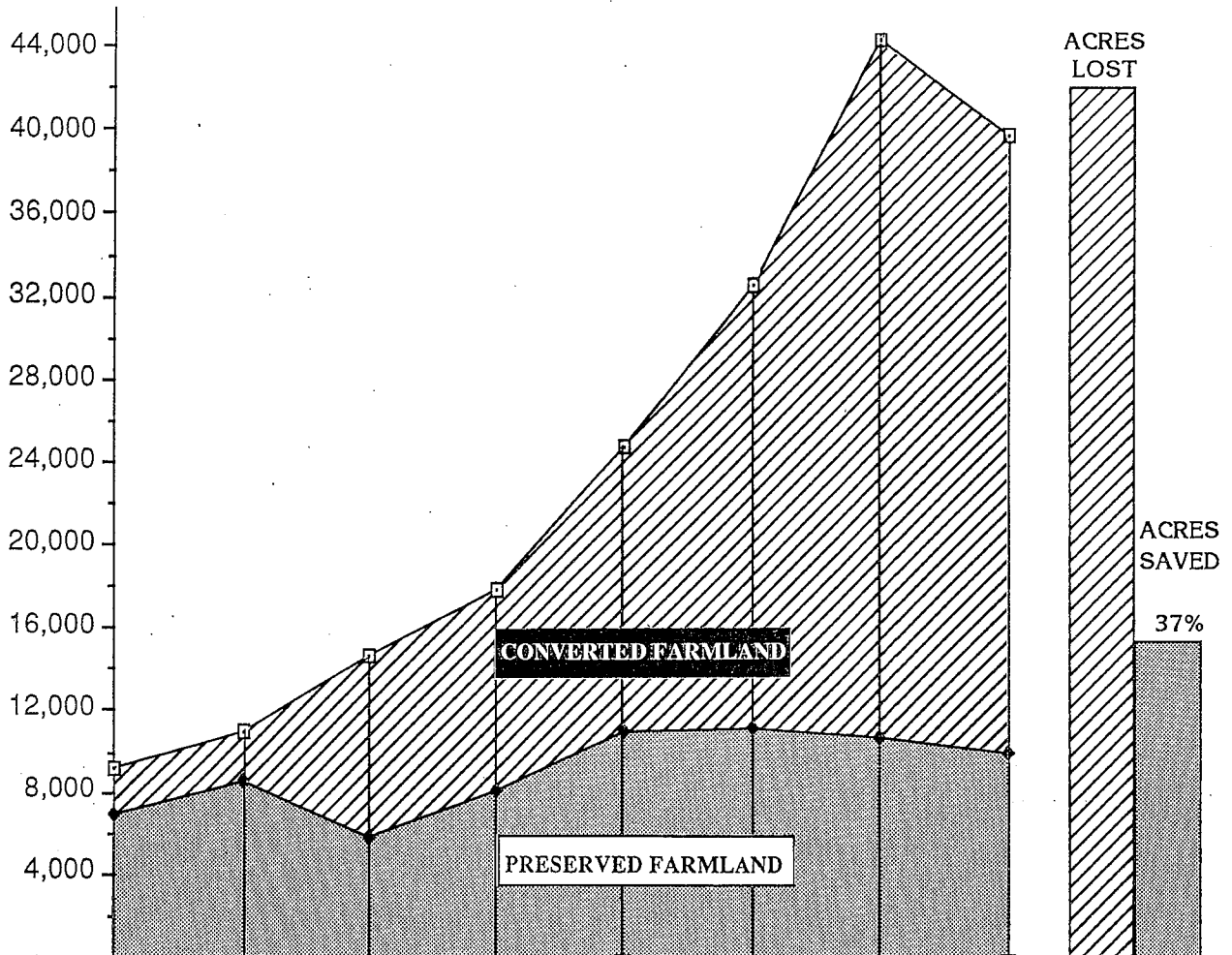
MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
EASEMENT ACQUISITION PROGRAM - HISTORIC PERSPECTIVE

FISCAL YEAR	ACCEPTED OFFERS		TOTAL ACRES	AVERAGE FARM SIZE	ASKING PRICE THAT ACCEPTED	APPRAISED VALUES			ACQUISITION COST	DISCOUNT VALUE
	% TOTAL APPLICATIONS	FAIR MARKET				AGRICULTURAL	EASEMENT			
1977 to 1981	47 of 97 48%	7,731.3275	164 acres	\$1,072/acre \$8,288,965	AVG. PER ACRE TOTAL AMT.	AVG. PER ACRE TOTAL AMT.	AVG. PER ACRE TOTAL AMT.	AVG. PER ACRE TOTAL AMT.	ADD'L ACRES TOTAL AMT.	
1982	46 of 93 49%	6,898.8607	150 acres	\$884/acre \$6,097,105	\$1,550/acre \$11,985,144	\$965/acre \$7,463,000	\$816/acre \$5,629,526	\$884/acre \$6,835,983	703.68 acres \$627,017	
1983	58 of 122 48%	8,530.2088	147 acres	\$892/acre \$7,608,819	\$1,510/acre \$10,414,661	\$950/acre \$6,556,741	\$790/acre \$6,736,910	\$816/acre \$5,629,526	1,136.29 acres \$927,215	
1984	39 of 101 39%	5,783.4085	148 acres	\$913/acre \$5,282,660	\$1,323/acre \$7,653,424	\$997/acre \$5,764,339	\$853/acre \$4,931,295	\$853/acre \$4,931,295	976.61 acres \$833,045	
1985	51 of 97 53%	8,157.6447	160 acres	\$898/acre \$7,325,615	\$1,262/acre \$10,292,869	\$1,011/acre \$8,246,827	\$838/acre \$6,838,017	\$838/acre \$6,838,017	1,698.94 acres \$1,423,713	
1986	70 of 98 71%	10,990.6083	157 acres	\$942/acre \$10,347,664	\$1,281/acre \$14,081,344	\$837/acre \$9,201,010	\$753/acre \$8,278,757	\$753/acre \$8,278,757	1,218.25 acres \$916,127	
1987	77 of 121 64%	11,091.0373	144 acres	\$918/acre \$10,197,369	\$1,455/acre \$16,165,810	\$848/acre \$9,415,158	\$764/acre \$8,478,243	\$764/acre \$8,478,243	1,070.54 acres \$817,891	
1988	77 of 104 74%	10,357.8847	135 acres	\$916/acre \$9,798,920	\$1,297/acre \$13,865,850	\$924/acre \$9,875,430	\$792/acre \$8,198,193	\$792/acre \$8,198,193	1,652.245 acres \$1,308,578	
1989	69 of 111 62%	9,986.9438	145 acres	\$1,432/acre \$14,306,184	\$1,435/acre \$14,333,200	\$1,328/acre \$13,266,916	\$1,189/acre \$11,873,849	\$1,189/acre \$11,873,849	1,190.41 acres \$1,415,393	
TOTAL	534 of 944 57%	79,527.9243 LESS: 45.9191 79,482.0052	149 acres	\$997/acre \$79,253,301	\$1,389/acre \$110,378,846	\$973/acre \$77,344,520	\$853/acre LESS: 30.501 \$67,770,272	\$853/acre LESS: 30.501 \$67,770,272	10,082.64 acres \$9,087,172	

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

PRESERVATION VERSUS CONVERSION
FARMLAND IS LOSING GROUND TO DEVELOPMENT

ACRES



	1982	1983	1984	1985	1986	1987	1988	1989	TOTAL
CONVERTED FARMLAND	-9,142	-11,036	-14,663	-17,859	-24,831	-32,524	-44,269	-39,801	-194,125
PRESERVED FARMLAND	+6,899	+8,530	+5,783	+8,158	+10,991	+11,109	+10,691	+9,992	+72,153
DIFFERENCE	-2,243	-2,506	-8,880	-9,701	-13,840	-21,415	-33,578	-29,809	-121,972

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

BOARD OF TRUSTEES

		<u>TERM</u>	<u>TERM EXPIRES</u>
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<u>HONORABLE LUCILLE MAURER</u> State Treasurer Room 109, Treasury Building Annapolis, Maryland 21401		1-31-87	Ex-officio
<u>MR. WILLIAM I. GUY</u> Chairman Levin Dashiell Road Salisbury, Maryland 21801	Appointed Reappointed	7-01-81 7-01-85	6-30-85 6-30-89
<u>MR. LEONARD E. LOWRY</u> Vice Chairman Route 4, Box 331 Hagerstown, Maryland 21740	Filled unexpired term Appointed Reappointed	7-01-83 7-01-84 7-01-88	6-30-88 6-30-92
<u>HONORABLE CONSTANCE LIEDER</u> Secretary, MD. Dept. St. Planning 301 West Preston Street Baltimore, Maryland 21201	Filled unexpired term Appointed	2-27-84 7-01-87	6-30-87 6-30-91
<u>MR. DANIEL C. SHORTALL</u> Route 1, Box 62 Queen Anne, Maryland 21657	Appointed	7-01-88	6-30-92
<u>MR. W. MAX BUCKEL</u> 1922 Saratoga Drive Adelphi, Maryland 20783	Filled unexpired term Appointed	1-01-86 7-01-87	6-30-87 6-30-91
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<u>MR. WILLIAM F. DIXON</u> Route 1, Box 305 Mechanicsville, Maryland 20659	Appointed	7-01-85	6-30-89
<u>MR. THEODORE MAULKUS</u> Route 1, Box 1136 Cambridge, Maryland 21613	Filled unexpired term Appointed	3-14-88 7-01-88	6-30-88 6-30-92
<u>MR. GEORGE C. FRY</u> 5224 Augustine Herman Highway Route 33 Cecilton, Maryland 21913	Appointed	7-01-88	6-30-92

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Sandy Ridge Farm
Girdletree, MD 21829

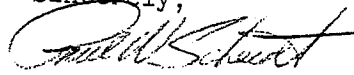
MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401

FOUNDATION STAFF:

Paul W. Scheidt, Executive Director
Lynn Carroll, Administrative Specialist I
Sandra Beilman, Office Clerk II
Pebbles LaBeau, Secretary
Gerald Talbert, Former Director and Advisor

A special thanks goes to the staff of the Maryland Agricultural Land Preservation Foundation for their dedication and hard work towards the completion of this report and the successful administration of the program.

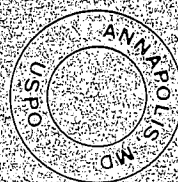
Sincerely,



Paul W. Scheidt
Executive Director



MARYLAND DEPARTMENT OF AGRICULTURE
50 Harry S. Truman Parkway
Annapolis, Maryland 21401



BULK RATE
U.S. POSTAGE
PAID
Permit No. 318