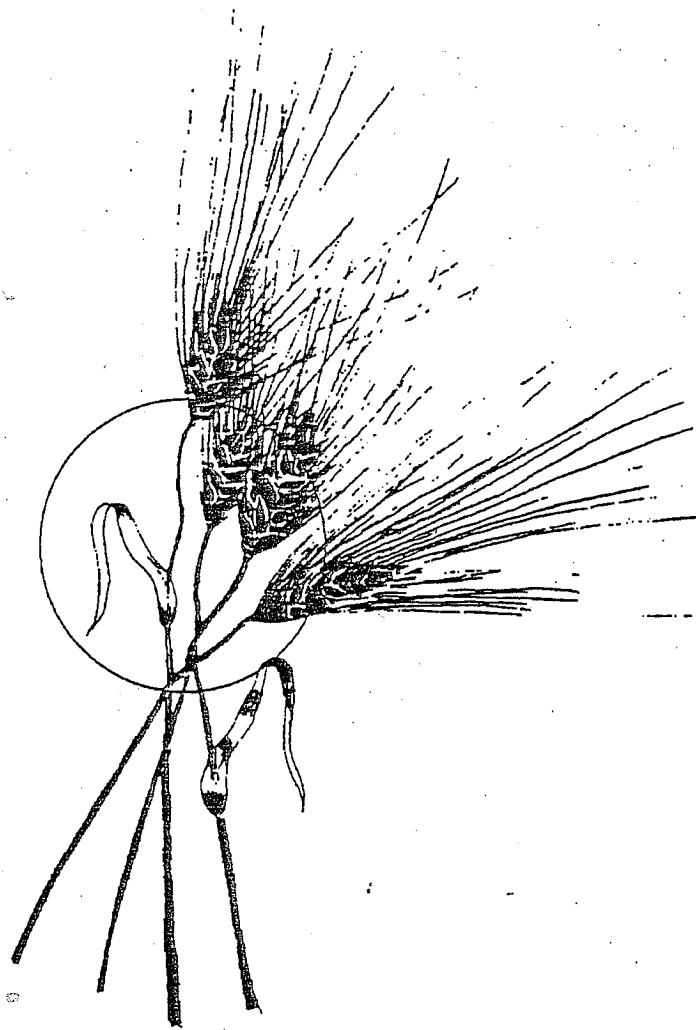


Maryland
Agricultural Land
Preservation Foundation

Annual Report
1994



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

ANNUAL REPORT

FOR

FISCAL YEAR 1994

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

Daniel Shortall, Chairman
Paul W. Scheidt, Executive Director

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DEPARTMENT OF AGRICULTURE**

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GOVERNOR

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MDA 121-94

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STATE OF MARYLAND
DEPARTMENT OF AGRICULTURE
MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

November 1, 1994

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

Gentlemen:

We are pleased to present the 1994 Annual Report of the Maryland Agricultural Land Preservation Foundation and are proud to announce that this year marks the seventeenth year of the program's operations. The information in this report summarizes the activity that the Foundation has experienced during the past fiscal year. The Maryland Agricultural Land Preservation Foundation has permanently preserved more farmland acres than any other state in the nation. With the strong support of the legislature and the agricultural community, we hope to protect and preserve much more of Maryland's prime and productive farmland in the future.

During the past year, an additional 9,720 acres were placed in new agricultural land preservation districts, representing a 4% increase over last year's total district acreage. At the close of FY '94, after acreage adjustments due to lot exclusions and terminations, there was a grand total of 1,972 individual farms consisting of 263,986 acres enrolled in our program.

Of those acres, and as of June 30, 1994, the Maryland Agricultural Land Preservation Foundation purchased or has acquired contracts to purchase perpetual preservation easements on a grand total of 109,908.6775 acres. This represents an increase of 7.3% to the permanently preserved acreage base since June 30, 1993. The Foundation operates two easement offer cycles per year and since the last annual report, it has acquired 29 new easements in Cycle Two of FY '93 covering 4,948 acres and 22 new easements in Cycle One of FY '94 covering 3,085 acres.

Although our progress continues to show increases each year, Maryland still is losing farmland at an alarming rate. Our mission is to preserve enough of Maryland's productive farmland to perpetually maintain a viable agricultural industry and to help curb the spread of random urban development. Your continued support allows us to challenge the future as land use issues grow ever more critical.

Handwritten signature of Daniel Sifortall in cursive script.

Daniel Sifortall, Chairman
Board of Trustees

Handwritten signature of Lewis R. Riley in cursive script.

Lewis R. Riley
Secretary of Agriculture

Handwritten signature of Paul W. Scheidt in cursive script.

Paul W. Scheidt
Executive Director

WHAT IS THE PURPOSE OF THE MARYLAND AGRICULTURAL LAND PRESERVATION PROGRAM?

The Maryland Agricultural Land Preservation Program was created by the Maryland General Assembly to preserve productive agricultural land and woodland which provides for the continued production of food and fiber for all citizens of the State. The preservation of agricultural lands will help curb the expansion of urban development and protect agricultural land and woodland as open space land.

By preserving agricultural land, the Foundation also protects the quality of life that makes Maryland so special. The Maryland Agricultural Land Preservation Program is the most successful program of its kind in the nation and has perpetually preserved more farmland than any other State. Maryland's effort to preserve agricultural land also leads to the protection of wildlife and increases the environmental quality of the Chesapeake Bay and its many valuable tributaries.



HOW DOES THE PROGRAM OPERATE?

Program Administration

The Maryland Agricultural Land Preservation Foundation is governed by the Agricultural Article, Sections 2-501 through 2-515 of the Annotated Code of Maryland. The Foundation is administered by a 12-member Board of Trustees which include the State Comptroller, Treasurer, and Secretary of Agriculture who serve as ex-officio members. The other nine (9) members serve "at-large" from various regions of the State. All members are appointed by the Governor and serve a term of four (4) years. At least five (5) of the at-large members are farmer representatives of which three (3) represent the Maryland Agricultural Commission, the Maryland Farm Bureau and the Maryland State Grange.

Responsibilities of the Foundation's Board of Trustees as they relate to the implementation of the Program include: disseminating information to farmland owners and other citizens of the State; providing assistance and coordination to 23 Agricultural Land Preservation Advisory Boards; promulgating program rules, regulations and procedures; reviewing and approving local agricultural restrictive use District Agreements and acquiring, by purchase or donation, development rights easements on productive agricultural land within the State of Maryland.

Participation in the Maryland Agricultural Land Preservation program is voluntary on the part of landowners and is dependent upon the cooperation of local governments. This program requires local governments to appoint agricultural land preservation advisory boards which consist of five (5) members, at least three (3) of whom are owner/operators of commercial farms and earn 50% or more of their income from farming.

During the 1994 Legislative Session of the Maryland General Assembly, House Bill 574 was passed which modified the membership requirements of the Calvert County Agricultural Preservation Advisory Board. It eliminated the requirement that five (5) Board members be owner/operators of commercial farms and earn 50% or more of their income from farming. The Calvert County Advisory Board may appoint at least three (3) members who are actively involved in an ongoing, commercial, "for profit" farming operation.

The local advisory boards assist in the dispersal of information, creation of program rules, regulations and procedures and in the creation of agricultural land preservation "districts" and help to prioritize properties to be considered for easement sale. As a district, the subdivision and development of the land is restricted by a recorded agreement between the landowner and the Maryland Agricultural Land Preservation Foundation whereby agricultural land and woodland production activities are encouraged and protected.

Qualifications and Benefits

If a landowner requests that their property be included in a district, they must be willing to maintain the land in agricultural use for a minimum of five (5) years, and the property must meet the minimum criteria established by the Foundation. To be eligible for district status, a property must have at least 100 contiguous acres with at least 50% of the total soils classified as USDA soil capability Class I, II, or III OR woodland group 1 or 2. If a combination of both

soil capability classes and woodland groups are used to determine eligibility, then at least 60% of the property must be in the soil classes or groups described above. These soils are classified as being prime or productive and are capable of successfully producing viable agricultural commodities with reasonable yield and returns.

A landowner who includes their land within a district will receive the following benefits:

- Direct and indirect support of agriculture
- Recognition from the county and the state by a recorded document in the land records of the county, that the preferred use of the property is agriculture
- Insulation of normal agricultural activities from nuisance complaints
- Possible tax credits (if the county, where the property is located, has developed a tax credit program)
- Eligibility to make application to sell a development rights easement to the Foundation

Protection of the land and its surrounding environment is a key element in participating in the Maryland Agricultural Land Preservation Foundation's program. Once the Agricultural Land Preservation District is established, the landowner is eligible to apply to sell a development rights easement to the Foundation. However, there is no guarantee that an offer will be made by the Foundation. The application submitted by the landowner shall include the asking price of any easement offered.

The maximum price that the Foundation may pay for an easement is the landowner's asking price or the easement value (determined by a statutory formula shown in figure 1 on page 4), whichever is lower. Of course, any offer made is subject to available funds and Board of Public Works approval. The time it takes to sell an easement varies with each property but generally takes 9 - 14 months from the application deadline to actual settlement. In some cases, it may take longer if a survey is required or there is a problem with the title to the property.

The Foundation requires a soil conservation and water quality plan for each property that is submitted for easement sale. The requirement for having a soil conservation and water quality plan began in 1985 and is intended to outline certain necessary best management practices to be installed and/or maintained. In addition, the plan should list solutions to the soil erosion problems and include a schedule of implementation which the landowner will be required to follow and is included as a condition in the Deed of Easement. The purpose of the plan is to protect the land from erosion, increase potential yield production and reduce and/or eliminate the flow of sediment entering into neighboring streams, rivers and ultimately the Chesapeake Bay. In addition, a Forest Management Plan is required on properties with 50% or more of the land dedicated to woodland.

Once a development rights easement has been sold, the property is perpetually protected from further development with certain rights available only to the landowner who originally sold the easement. These rights refer to the construction of a dwelling house intended for that owner and his children, subject to certain restrictions and density requirements.

| | | | | |
|---|---|--|---|-----------------------|
| Appraised Fair Market Value (determined by the better of at least two appraisals conducted by the state and by the appraisal submitted by landowner if included with the application) | - | Agricultural Value (determined by a formula based on land rents and soil productivity) | = | Easement Value |
|---|---|--|---|-----------------------|

Note: The Foundation's offer to purchase a development rights easement on any property will be dependent upon the county's approval of the sale of development rights, available funds and Board of Public Works approval.

Figure 1. Easement Value Formula



Program Funding

Funding for the Maryland Agricultural Land Preservation Foundation is provided entirely by special funds which are mainly derived from two (2) sources:

- (1) 13.2% of the funds allocated to Program Open Space from the State's share of the property transfer tax; and
- (2) Agricultural Land Transfer Tax which is assessed on all real property transferred out of agricultural use.

Other sources of funds may be obtained from unused portions of collected Agricultural Transfer Tax revenues by county jurisdictions, Capital Bond Appropriations, donations and committed county "matching funds" for easement purchases in their county.

During Fiscal Years 91, 92 and 93, the General Assembly appropriated bonds to the program to help compensate for the reduction of revenues used to balance the State's budget during that time. However, this appropriation may only be a temporary measure and although greatly appreciated, it cannot be expected each year.

The Foundation operates two (2) easement acquisition cycles per year with application deadlines of July 1 and January 1 of each fiscal year. The total funds available for easement purchases are divided equally between the two (2) cycles. Within each cycle, there is a general allocation to all counties to provide an equal opportunity for the Foundation to purchase easements in each county during Round One so that the state does not limit its purchases of easements to only one (1) area of the state. This

initial allocation is known as **General Allotted Funds** and is equal to 1/23 of 1/2 of the funds available for that particular easement offer cycle.

The other half of the total fund allocation is known as the **State Matching Funds** and it is divided equally between the number of counties that have requested to participate in the local matching funds program and require a State and County match of funds to make easement offers.

Generally, a State and County matched easement offer will involve 40% County Funds and 60% State Funds of a particular offer. Remaining or unused State funds from either the General Allotted Funds or the State Matching Funds, after Round One Offers are made, are carried over into Round Two. During Round Two, offers are made based on a Statewide ranking criteria. If any funds remain after all offers are made, the Foundation's unencumbered funds will remain in a revolving account and are used for the next year's easement acquisitions. Remaining funds do not revert to the State's general fund at the end of the fiscal year.

The total working fund for the Foundation during FY '94 was approximately \$9,500,000, which included the program's Fund Balance, remaining funds from the Capital Bond Appropriation, State Transfer Tax, current Agriculture Transfer Tax, Three (3) Year Old Agriculture Transfer Tax collected from the counties, Reimbursements for Lot Exclusions, as well as Gifts and Bequests. After subtracting approximately \$1,000,000 for the necessary administrative operating costs, appraisals, title fees, attorney fees, and settlement costs, approximately \$8,500,000 was left for the actual purchase of agricultural land preservation easements for FY '94 Easement Sale Applicants.

HANDLING OF EASEMENT APPLICATIONS

EASEMENT SALES PROCESS

The Foundation operates two (2) easement acquisition cycles per year and has deadlines for easement sale applications of July 1 and January 1 of each fiscal year. To be accepted, the property must be an approved agricultural land preservation district, it must meet the minimum size requirement and the application must be received and postmarked on or before the deadline established for the cycle in which the landowner is applying. Foundation staff reviews the applications and materials submitted, ensures that the required information is provided, compares information with the landowner's district file, reference deeds and subsequent activity since district establishment.

Staff will also verify that all of the required signatures have been obtained and they will notify landowners if any additional information is needed. Simultaneously, a list of applications are compiled by county and forwarded to the counties to obtain local governing body approval of easement sale. Counties may be asked to prioritize the properties and limit their approval to only a certain number and/or percentage of applicants.

Upon county prioritization and approval, applications and supporting materials are sent to the Department of General Services, Office of Real Estate. Packages of applications will be prepared and sent out for "bid" to independent fee appraisers to appraise the Fair Market Value of the approved properties.

The Foundation will order at least two (2) appraisals for each property to determine an estimated Fair Market Value based on the highest and best use of the property.

The Foundation staff will then determine the **Agricultural Value** of each property using the Agricultural Formula. The Agricultural Formula is a formula used to determine value based on soil productivity and calculated land rents on a per acre basis. The end result is then capitalized at 6 % and multiplied by the number of acres of certain soil classes, which exist on the property and gives an overall agricultural value of the farm. In other words, it is a value of the land and soils for productive purposes only and reflects the potential yields of the property and its various soil types, if farmed under average management.

The **Easement Value** of each property is determined by taking the appraised Fair Market Value of the property (determined by the better of at least two appraisals) **LESS** the Agricultural Value. This would be the maximum amount the Foundation would be likely to offer for the purchase of a perpetual Agricultural Land Preservation Easement.

In many cases, however, a landowner is willing to sell an easement for less than the determined Easement Value. With each application, landowners are required to list their asking price to determine what they would be willing to accept for selling an easement.

If the asking price is less than the easement value, the purchase would be a discount to the State. The savings from discount purchases could then be used to purchase additional easements.

Each property is ranked according to a ratio dividing the landowner's asking price by the easement value. Properties with the lowest ratio are listed first in ascending order. Each property with a ratio of 1.0 or less are offering a discount and are willing to sell an easement for less than the easement value. Those properties with a ratio of greater than 1.0 are re-ranked by applying the Easement Priority Formula. This formula assigns points for certain qualities of the property and its location. Properties with the highest point total are ranked first, followed by the next in descending order.

Prior to making easement offers, funds are allocated to each county (See Program Funding on Page 5), Offer Charts are prepared and taken to the Foundation's Board of Trustees for approval.

Upon approval of the Foundation's Board of Trustees, offers are made based on available funds. Offer letters and Option Contracts are sent out to landowners and they have 30 days to respond to the offer.

If the landowner accepts the offer, he/she signs the Option Contract, forwards it to the Foundation where it is signed by the Secretary of Agriculture. The contract is then forwarded to the Department of General Services, who will process it for presentation to the Board of Public Works. All offers are subject to Board of Public Work's approval.

While approval is being obtained from the Board of Public Works, a title search will be ordered to verify ownership and acreage. At the

same time, the file is reviewed by one of the settlement attorneys within the Office of Real Estate in the Department of General Services.

Before settlement can occur, certain items may be required to include:

- (1) Information to assure that the property within the District has a clear title;
- (2) A survey and/or metes and bounds description of the property to verify total acreage within the District; and
- (3) Outstanding mortgages and/or liens may have to be satisfied, or the lenders must agree in writing to subordinate their interest to the Deed of Easement.

Landowners are given the option of how they wish to be paid for selling a development rights easement. They may either choose to be paid a lump sum payment at the time of settlement, or accept yearly installments up to a maximum of ten (10) years. A landowner may choose as many as ten (10) installments or as few as one (1).

VARIOUS OFFER CYCLES

FY '93 Cycle Two • January 1, 1993 Applicants

As was reported in last year's Annual Report, the Foundation had initially allocated \$5 million to Cycle Two of FY '93. After adding remaining State Funds from Cycle One of FY '93, State Funds from rejected or withdrawn offers and adjustments to offers due to surveys and/or deeds, the State had approximately \$5.9 million to use for FY '93 Cycle Two Easement Offers.

In order to limit the Foundation's expenses on future appraisals and to maximize the use of State funds for direct easement purchases, the Board of

Trustees exercised its authority to set a cap on the number of applications to be considered and to have appraised in FY '93 Cycle Two.

The Foundation received a total of 233 easement sale applications for FY '93 Cycle Two. Fifteen counties were represented.

Each county was sent a list of properties that were submitted for easement sale and were asked to prioritize those properties and approve up to two (2) properties or the top 33% of the total applications received from their particular county, whichever was greater. The result would determine which properties would be appraised during the FY '93 Cycle Two easement acquisition program.

Allowing the counties the opportunity to prioritize the properties may help the counties target certain areas.

As a result of the county's prioritization, 80 properties were appraised and offers were made to 33 landowners in November and December of 1993. Of those 33 offers made, 29 were accepted representing an 88% acceptance rate.

Due to the accepted offers, an additional 4,948 acres were preserved. See Page 27 for average values of FY '93 Cycle Two in each county and Page 31 for total easement acreage in each county.

FY '94 Cycle One • July 1, 1993 Applicants

The Foundation received 208 applications for the FY '94 Cycle One Easement Acquisition Program. This time, the Foundation's Board of Trustees asked the counties to prioritize and approve up to three (3) properties or the top 50% of the total applications received from their

particular county, whichever was greater. As a result, 99 properties were approved for consideration.

In May and June of 1994, the Foundation made easement offers to 26 property owners who had submitted applications to sell an easement. One (1) was withdrawn because he no longer owned the property. Two (2) others were withdrawn due to lack of response from the landowner and one (1) landowner rejected the offer and is arbitrating the value of his easement. Twenty two offers were accepted representing an 88% acceptance rate.

As a result, 3,085 acres were preserved. See Page 29 for average values of FY '94 Cycle One in each County and Page 31 for the total easement acreage.

FY '94 Cycle Two • January 1, 1994 Applicants

The Board of Trustees voted once again to set a cap on the number of applications to be considered for the FY '94 January Easement Acquisition Program. The cap was the same as it was for the previous cycle - asking the counties to prioritize and approve the top 50% from their own county or up to three (3) properties, whichever is greater.

Subject to the County's prioritization, 80 out of 153 properties were approved for consideration and appraised. Easement offers to the 80 appraised properties of the FY '94 Cycle Two will be made sometime in November and December of 1994. Statistical information on FY '94 Cycle Two Easement Acquisition Program will be reflected in the FY '95 Annual Report.

CHANGES IN POLICY

Owner's and Children's Lot Exclusions

As was reported in the FY '94 Annual Report, there was a considerable amount of discussion regarding owner's and children's lot exclusions. Discussions revolved around potential loopholes related to exclusion of lots and whether they were being used as intended once released.

The Board of Trustees agreed that there was a need to create, modify and/or clarify existing policy concerning lot exclusions. The Foundation staff drafted proposed regulations to clarify policy relating to lot exclusions from district and easement properties. The proposed regulations were approved by the Foundation's Board of Trustees and sent to county program administrators and various agricultural organizations for comments. As a result, certain changes were made and a two-stage conditional release process was created. First a preliminary release would be recorded, followed by a final release once certain conditions were met.

The proposed regulations were forwarded to the Joint Sub-Committee on Program Open Space and Agricultural Land Preservation for its review and comments. However, it did not receive a favorable review. Therefore, the proposed regulations were withdrawn until such time the Joint Sub-Committee could review and discuss the issue.

Specific opposition to the proposed regulations seemed to deal with the requirement that the dwelling be built within one (1) year from the date the preliminary release document is signed by all parties. In a subsequent meeting with the Joint Sub-Committee, it was felt that much can happen

between the time the release is signed and construction actually begins and that the time frame may be too restrictive.

The real problem that the Foundation was trying to address is that of landowners building a house and not living in it and/or never building a house and attempting to sell the property as a buildable lot.

In January and February 1994, legislative hearings were held by the Joint Sub-Committee on Program Open Space and Agricultural Land Preservation regarding the proposed regulations for owner's and children's lot exclusions.

The members of the Joint Sub-Committee were concerned with how the proposed regulations would affect the farm community and their ability to obtain a loan for construction on these lots. After considerable discussion, House Bill 1501 was drafted by the Joint Sub-Committee on Program Open Space and Agricultural Land Preservation which eliminated certain provisions previously proposed. Items that were eliminated included time restraints to begin construction and the proposed requirement of living in the dwelling for at least one (1) year.

House Bill 1501 created a two-stage release process for excluding lots for the purpose of constructing dwellings. Once a lot is approved by the Foundation, a preliminary release will be recorded in the land records outlining conditions of the release. A second (final) release will also be recorded releasing the lot of all easement restrictions once a non-transferrable building permit is presented to the Foundation. The bill

became effective October 1, 1994 and therefore information as to the affects of the newly passed law is not available at this time.

One of the reasons for modifying the way lots are released was as a result of a landowner seeking to transfer or sell their previously approved owner's lot. The issue in this case concerns the difference between covenants which run with the land (also known as real covenants) and a personal covenant which is not intended to run with the land.

The Court found as a matter of law that the covenant providing for a single opportunity to construct a dwelling house was intended by the parties to be a personal covenant of the landowner and not one intended to run with the land.

The Court having found a personal covenant to exist, also found that the landowner's right to build a dwelling on a specific property was not fully transferable.

Tenant Houses vs. Pre-Existing Dwellings

During FY '94, in an attempt to clarify the Foundation's policy on appraising properties with tenant houses and to define what a "tenant house" means, the Foundation staff proposed draft regulations. This, in effect, would change the policy on the way properties are appraised in regard to tenant houses versus pre-existing dwellings and whether they should count against the overall development density remaining on the property.

Draft regulations concerning Foundation policy on appraising properties with Tenant houses were sent to the farm community and local advisory boards for comment.

The Foundation staff proposed the following definition which was accepted and approved by the Foundation's Board of Trustees:

"Tenant House" means a dwelling that serves as living quarters for one (1) or more persons or families, whose principal vocation or employment is substantially related to the agricultural operations of the farm.

- a. The land on which a tenant house is constructed will not be subdivided or conveyed to an individual or other legal entity; and
- b. The tenant house will not be conveyed separately from the original parcel.

In order for the Foundation to recognize a dwelling as a tenant house as described above and not a "pre-existing" dwelling, it must be done so prior to the property being appraised, and done in a way that is binding on the landowner, should an offer be made to purchase an easement.

Otherwise, it is a dwelling that can be excluded from easement restrictions at a future date under program regulations and counted against the overall density of the property.

In some counties, tenant houses are treated no differently than a barn and would not count as a density unit even though it is inhabited by individuals or families that work on the farm. In other counties, however, tenant houses are considered as one of the available lot rights associated with the property and would count as a used density right. In any event, appraisers exclude one acre surrounding each pre-existing dwelling from their evaluation in determining the fair market value of the property.

Proposed policy now being discussed by the Foundation allows the Board of Trustees to direct the Department of General Services (DGS) not to consider the 1.0 acre parcel surrounding a particular existing dwelling as a utilized development right in relation to the overall development potential of the property IF:

- a) The landowner designates that certain existing dwellings are tenant houses as defined above and agrees by covenant not to ever subdivide the land on which the existing tenant house(s) are located; nor convey the existing tenant house(s) separately from the original parcel to any individual or other legal entity;
- b) Such a covenant runs with the land and will bind all current and subsequent owners of the property and will be incorporated into the Deed of Easement, in the event an easement is sold to the Foundation;
- c) Such a covenant is submitted to the Foundation with the application to sell an easement and is received prior to the property being appraised; and
- d) The local planning and zoning office can attest that pre-existing dwellings currently used and designated as tenant houses do not count against the total development rights to the property and are considered accessory structures to the farming operation.

Although this proposed policy is still being discussed, it was determined that current policy would not change prior to December 31, 1994. If approved, this may potentially affect landowners applying for the FY '95 Cycle Two Easement Acquisition Program.

If the proposed policy is approved, the Foundation will need to do the following for implementation:

- (1) Modify District Agreements, Easement Applications, Property Descriptions, Fact Sheets and Deed of Easements when applicable;
- (2) Create or develop an affidavit, certification agreement or other document for landowners to sign designating that certain pre-existing dwellings are tenant houses and agree by covenant never to subdivide the land on which the pre-existing tenant house(s) is located, nor convey the pre-existing tenant house(s) separately from the original parcel to any other individual or other legal entity. Such a covenant will run with the land and will bind all current and subsequent owners of the property; and
- (3) Inform DGS which properties are to be appraised, providing them with specific information about each property and identify which pre-existing dwellings (if any) are designated as tenant houses that do not count against density;
- (4) Prepare regulations addressing this policy and send them to the Administrative, Executive, and Legislative Review Committee for review and to the Maryland Register with opportunity for public comment. Copies will be sent to the local advisory boards, program administrators and various agricultural organizations.

PROPOSED REGULATIONS

Lot Exclusions

The Maryland General Assembly passed House Bill 1501 during the last legislative session in order to clarify conditions under which a landowner may exclude an owner's lot or child's lot from district/easement restrictions. The bill modifies the current practice of releasing lots by issuing a "Preliminary Release" document which becomes final upon request and receipt and certification of a non-transferrable building permit in the owner's or child's name.

The Preliminary Release would become void upon the death of the person for whose benefit the release was intended if the Foundation has not received a building permit as provided in the regulations.

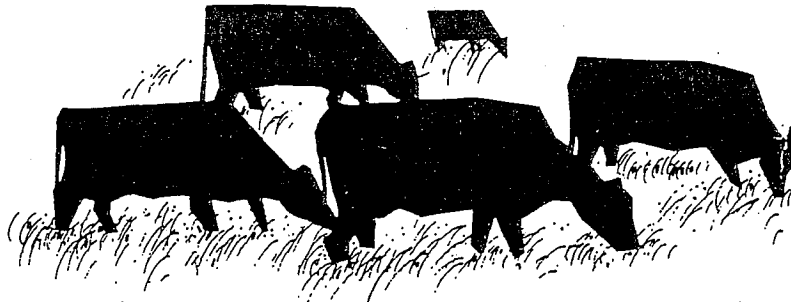
Any release, preliminary release, building permit or other document issued or submitted in accordance with the regulations shall be recorded among the land records where the land is located at the landowner's expense and shall bind all future owners.

Agricultural Subdivisions

Last year we reported that the Foundation adopted guidelines and was in the process of developing regulations for agricultural subdivisions of district and easement properties.

During the May 23, 1994 Maryland Agricultural Land Preservation Foundation's Board of Trustees meeting, the Trustees approved the Policy on Agricultural Subdivisions. Some revisions were made after comments were received from Program Administrators and County Agricultural Land Preservation Advisory Boards. These comments were incorporated into a revised Policy and adopted by the Foundation on June 29, 1994.

More recently, just prior to sending the proposed regulations to the Maryland Register, the Foundation embraced the idea of requiring the parcels to be subdivided and those remaining to qualify for agricultural use assessment as outlined in the Tax Property Article of the Annotated Code of Maryland. Currently the idea is out for review by the county Advisory Boards and the farm community, but is expected to be accepted and ultimately forwarded to the Maryland Register.



1994 LEGISLATION

- *Senate Bill 414 - Failed*

Senate Bill 414 specifies that among other things, the Maryland Agricultural Land Preservation Foundation may only approve applications to sell an easement on properties that have a Best Management System in place which includes a Soil Conservation and Water Quality Plan AND a Nutrient Management Plan. This requirement will be a deterrent to participation in the statewide agricultural land preservation program and will place an extra burden on landowners who wish to preserve the farmland by selling a development rights easement to the state. It will cause further delays in the application process due to limited staff of soil conservation districts and other legislative pressures relating to the state's natural resources.

- *House Bill 1002 - Passed*

This bill authorizes the governing body of Caroline County to grant a property tax credit on property placed in an agricultural preservation district.

- *House Bill 1470 - Passed*

This bill provides that Anne Arundel County may dedicate and expend a portion of transfer tax revenues for agricultural land preservation under certain circumstances.

- *House Bill 574 - Passed*

This bill modifies membership requirements of the Calvert County Agricultural Land Preservation Advisory Board, to eliminate a requirement that a certain number of members be owner operators of commercial farms who earn a certain percentage of income from farming, and to provide that a certain number be actively involved in an ongoing, commercial, for-profit farming operation; and making stylistic changes.

- *House Bill 1501 - Passed*

This bill creates a two-stage release process for excluding lots for the purpose of constructing dwellings intended for the use of the landowner or children of the landowner who sold an agricultural land preservation easement to the State. A preliminary release will be recorded in the land records outlining the conditions of the release. A second (final) release will be recorded in the land records freeing the lot of all easement restrictions once a non-transferrable building permit is presented to the Foundation in the landowner's or child of the landowner's name, which release shall bind all future owners. Size of the lot to be released shall be 1.0 acre unless required by the Department of Environment or regulation adopted by the jurisdiction in which the land is situated required that the lot be larger than 1.0 acre. In either case, no more than 2.0 acres will be released for each lot.



CERTIFICATION OF COUNTY AGRICULTURAL LAND PRESERVATION PROGRAMS

As reported in the FY '93 Annual Report, the Maryland Agricultural Land Preservation Foundation Act of 1990 created a Certification Program as a means to strengthen and enhance agricultural land preservation efforts in the State. It is jointly administered by the Maryland Agricultural Land Preservation Foundation and the Maryland Office of Planning.

The Certification Program provides additional funds to any county able to demonstrate an effective program to preserve agriculturally viable farmland.

Currently, most counties retain one-third of the Agricultural Transfer Tax they collect, which is to be used for agricultural land preservation purposes. Counties which are certified may retain 75% of the collected Agricultural Transfer Tax. A county applying for Certification must have their program approved by the Maryland Agricultural Land Preservation Foundation and the Maryland Office of Planning.

During FY '93 Calvert and Washington Counties were certified by the state as having a newly created agricultural land preservation program and were certified for a period of two (2) years. Currently, there are nine (9) counties certified as having an effective program of their own, which operate independently or in conjunction with the State program.

April and May of 1993 marked the end of the initial certification for Anne Arundel, Baltimore, Carroll, Frederick, Harford, Howard and Montgomery Counties. All of these counties were

recertified in 1993 for two (2) more years. The Certification period for Calvert County extends to January 1, 1995, while Washington County is certified to December 1, 1994.

The Certification Program ensures that counties contribute additional funds to the purchase of agricultural land preservation easements. The Program also diversifies the easement purchase options available to certified counties.

There are several financial tools used by certified counties to purchase easements. All of the counties have a local purchase of development rights (PDR) program in place. However, not all of the counties actively purchase easements independently from the state. All of the certified counties participate in the Maryland Agricultural Land Preservation Foundation's matching fund program but they do not always have easement sale applicants. Several of the counties provide tax credits on easements as an incentive to preserve land. Calvert and Montgomery Counties have an active Transfer of Development Rights (TDR) program in place and preserve hundreds of acres of agricultural land each year.

In addition, certified counties use several different mechanisms to strengthen preservation efforts such as agricultural zoning, preservation acreage goals and designated preservation areas.

By designing their own easement purchase program to complement the State program, counties can do a great deal to ensure that many county-specific priorities for preservation can be addressed.

A brief summary of the most current information provided by each county follows, which details the activity of the certified county agricultural land preservation programs:

Anne Arundel County

Anne Arundel County's local purchase of development rights (PDR) program has been in operation since 1991. The County prioritizes their properties using a point system and extends easement offers based on the highest score and available funds.

As of May, 1993, the County local program established thirty (30) local district properties and purchased fourteen (14) easements, totalling 2,024 acres.

The County also participates in the Maryland Agricultural Land Preservation Foundation's State Matching Funds program. In addition to matching funds, the County funded agricultural easement program is designed to complement the State funded agricultural Easement program. The "bonus" County funding program was established in FY '90. Supplemental cash payments may be made to property owners when State easement purchase offers are less than the easement value established by a county appraisal.

Anne Arundel County is currently preparing a new Land Preservation, Recreation and Open Space Plan. One of the primary goals of this plan is the preservation and maintenance of open space and significant natural resources through acquisition programs, preservation easements, zoning and subdivision regulations and other legislation. The goals of the Open Space Plan will be incorporated into the General Development Plan currently being developed.

Baltimore County

In FY '93, the County adopted a local agricultural land preservation program to enable them to purchase easements independently from the State. The program was adopted by the County Council on April 19, 1993 but the county has not yet purchased any easements of their own. They do, however, participate in the MALPF State Matching Funds program.

Last year, they provided additional funds to cover a couple of State easement offers that would have otherwise been less than the easement value or the landowner's asking price. Because of their commitment, additional acres were preserved.

Calvert County

Calvert County has operated its own local program for a number of years. Calvert County adopted the first Transfer of Development Rights (TDR) program in the state in 1978!

Since the adoption of the program 9,000 acres have enrolled in County agricultural land preservation districts and 4,000 acres have been saved via TDR.

The most current information provided in the FY '93 Certification report indicates that there were 20 new County district properties, totalling 1,539 acres. In addition, fourteen (14) applications were received for the County Purchase and Retirement Program (PAR) and eleven (11) have successfully settled.

Carroll County

Carroll County received certification on the basis of its County Incentive Program. As was reported in last year's Annual Report, the County incentive funding was discontinued in April, 1991 and the County initiated a Critical Farms purchase program.

The focus of their local program is now on the Carroll County Critical Farms Program, which was adopted April 12, 1994. The most current information provided in FY '93 Certification Report states that the County purchased easement options from three (3) farms totalling 267 acres.

The County also participates in the MALPF State Matching Funds program. During FY '93 the State bought development rights easements on ten (10) Carroll County farms, totalling 594 acres.

Until the adoption of the Critical Farms Program, the Carroll County Advisory Board had officially considered all farms in the agricultural zone without regard to location within the zone. The scoring system of the Critical Farms Program recognized a preference for farms located in an area of existing preservation property. This is only a short term solution. To address long-range needs; the County will have to address the potential of a TDR program versus the adoption of a county tax on the transfer tax of all real estate to be used for the purchase of development rights.

Frederick County

As reported in last year's Annual Report, Frederick County has a local program, which purchases easements independently of MALPF. Frederick County also participates in the State's Matching program.

However, in addition to the above, in FY '94 the Frederick County Commissioners approved a new local program similar to a program adopted in Carroll County.

The Critical Farms Program works by purchase options to acquire easements on farms which are being transferred or have recently (within 6 months) been transferred. The option price is 75% of the appraised easement value. Properties must meet all MALPF requirements.

The intent is to assist full time farmers to acquire farms and for the county to be able to purchase options to acquire easements within six months of the application in order to work in conjunction of a contract of sales.

Frederick County has taken steps to improve the effectiveness of its overall program with its Critical Farms Program. Land for easement sale must meet certain criteria such as soils, size and farm management. A specialized ranking formula prioritizes properties.

The most current information provided in the FY '93 Certification report shows that five (5) new district properties totalling 944 acres were established. There were four (4) easement properties totalling 736 acres.

As was reported in last year's Annual Report, Frederick County reported that it purchased perpetual development rights on three (3) farms, totalling 345 acres. Currently, the County has two (2) pending applications on 212 acres.

Harford County

Harford County established its own local agricultural land preservation program in June of 1993. It is similar to the State's program in that it pays landowners for their development rights. The two most significant differences between the local program and the State's is the easement payment options, which are tax deferred. Tax credits are applied to those who form an agricultural land preservation district. The tax credit is 50% while under district status, but changes to 100% tax credit once an easement is sold to the State or County. These incentives have helped to more than double Harford County's participation in the Maryland Agricultural Land Preservation Foundation's program. The County's program is designed to pay a high dollar value to landowners to protect high quality farms. These farms must meet certain criteria, regarding acreage and soil types. In addition, the land must reflect a productivity capability that is higher than the County average, as determined by the United States Department of Agriculture.

The actual easement value paid to the landowner shall be determined by an overall evaluation of the property based on certain factors such as development potential, soils productive capability, Best Management Practices and other important characteristics.

Residents of Harford County voted to impose a 1 % transfer tax on development which would provide the local preservation program with 50% of the revenue collected.

The most current information provided in the FY '93-'94 Certification report indicates they have successfully settled on four (4) local preservation easements and there were also ten (10) additional offers pending covering 1,400 acres.

The County is working on developing a conservation oriented development standard for the County's Agricultural and Rural Growth areas.

Howard County

Howard County has had its own local program, which has been in existence since 1980.

Howard County directs its preservation efforts to land that meets the minimum qualifications of MALPF. Focus is on the 27,000 acres they have targeted for preservation in Western Howard County. During the last two years, the county has made an effort to purchase development rights in a more supportive land use context, with mandatory clustering and a density exchange option. The County now has tightened eligibility criteria for participation in the PDR program including a requirement for a Soil Conservation and Water Quality Plan and a weighted point system formula to determine the easement priority.

The most current information provided in the FY '93 Certification report indicates that there were six (6) new properties totalling 505 acres in their local program. The overall total in the County is 125 farms, covering 13,954 easement acres.

Montgomery County

As reported last year, Montgomery County operates a local purchase of development rights program and a Transfer of Development Rights program. They also participate in the MALPF State Matching Funds program.

The County's local program is similar to the MALPF program whereby properties must meet certain criteria such as size, soils and location. Easement priority points are applied to each property for certain characteristics, which help to prioritize the farms for easement purchases.

In the most recent information provided in the FY '93 Certification report, Montgomery County reports that it has protected 4,188 acres through its local program and 32,225 acres through the County's TDR program.

The county also reports that during FY '93 there were five (5) new properties added to their preservation base, totalling 776 acres and 44 easements were acquired covering 4,501 acres.

Montgomery County reports that because of the low trends of agricultural transfer tax revenue collected over the past few years, they are looking for additional revenue sources.

The County is currently developing a comprehensive plan for program funding which includes a strategy for selling County owned TDR's. The County Agricultural Land Preservation Advisory Board developed a strategic plan to preserve the remaining unprotected farmland in the agricultural reserve zone in the western portion of the county by the year 2000. The plan was developed assuming that program funding would permit the acquisition of approximately 1,000 acres per year. As a result of recent severe reductions in agricultural transfer taxes, the program funding will only permit the acquisition of approximately 500 acres yearly.

Washington County

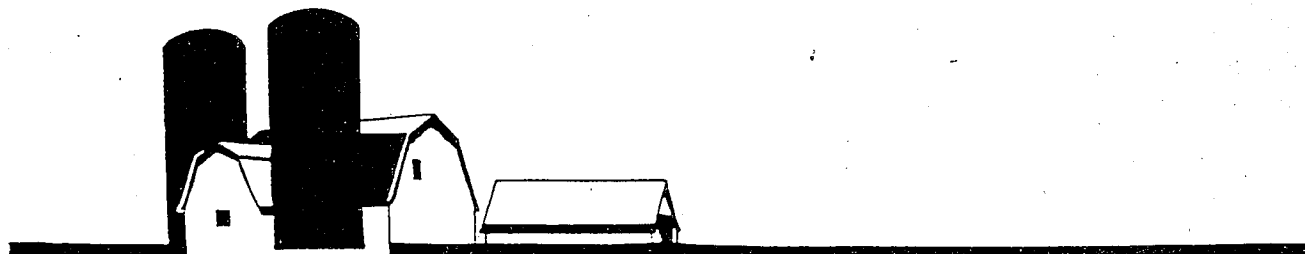
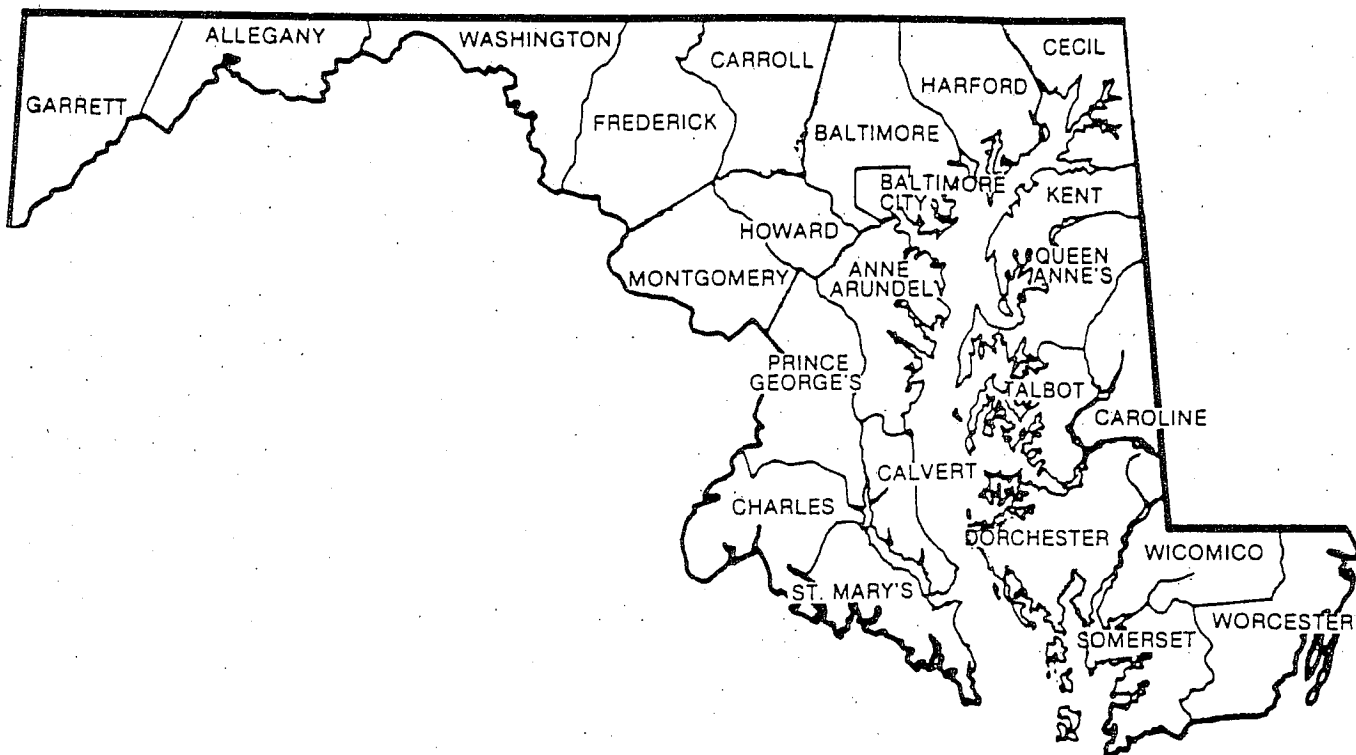
Washington County is continuing to work on refining and designating a targeted preservation area. They have targeted a preservation area outside their designated growth areas, which do not have water and sewer service designation and which qualify for the MALPF.

The County is re-evaluating its acreage goals for preservation. It recognized the need for additional steps to reach their preservation goals of 50,000 acres to be placed under permanent protection. Participating in the Maryland Agricultural Land Preservation Foundation program continues to be the main component.

They have, however, purchased a couple of easements of their own and have provided additional funds to the Foundation to make full easement offers that would have otherwise been less than the easement value or the landowner's asking price. Because of their commitment, additional acres were preserved.



MARYLAND COUNTIES



ACREAGE ADJUSTMENTS

A total of 22,1934 acres were released from easement restrictions for the purpose of constructing dwelling houses intended for the use of the original owners or children of the original owners who sold an agricultural land preservation easement to the state. These lot exclusions are one to two acres in size. The table on the opposite page shows acreage reductions in district and easement properties recorded during the period of July 1, 1993 through June 30, 1994. The table is comprised of five (5) factors that would result in an adjustment of the Program's acreage base and includes approved lot exclusions for owners or children, exclusions by county for public benefit, early termination due to severe economic hardship, district terminations and acreage adjustments from deeds. Since the program began, a total of 152,9434 easement acres were excluded for building lots of which 22,1934 acres were excluded during FY '94.

The landowner is required to payback the per acre value of the easement originally paid to them when new lots are created on lands where the Foundation has purchased development rights easements. This requirement has been in effect since 1982. In FY '94, the total payback amount for lot exclusions in easement properties equalled \$11,704.11. To date, the total payback amount for lot exclusions since 1982 is \$86,231.30. Easements purchased prior to 1982 do not require a payback for lot exclusions. It is important to note that easement restrictions are placed on the total property acreage within the district; however, a landowner is not compensated for the one acre area surrounding each dwelling that was in existence at the time the easement was purchased. Future exclusion of these dwellings would not require a payback.

The Foundation may receive requests from county governments to exclude land in district or easement status to be used for public benefit, including improvements such as roads, bridges or culverts. In FY '94, there were no acres excluded for public benefit. Since the program began, a total of 21,469 acres have been excluded for such public improvements resulting in a total payback of \$2,490.43.

In the past, the most significant acreage reduction factor was the termination of district properties. Seven (7) districts were terminated during FY '94 after meeting the minimum five (5) year commitment along with a few partial terminations. The total adjustments from district terminations amounted to 806,2628 acres which were deducted from the program's acreage base.

Since the program began, 147 districts covering 24,284 acres have been terminated but some of these properties have re-entered the program after adjusting the acreage contained in original districts.

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 may total a different amount than that shown on the district agreement. There are sometimes increases and decreases in acreage. During FY '94, there was a net increase of 22,1920 acres due to adjustments from deeds. The total net loss from such adjustments to date, since the program first began, totals 456,5081 acres.

Acreage reductions from all sources listed on the Acreage Adjustments chart total 806,2642 acres for FY '94.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
ACREAGE ADJUSTMENTS IN DISTRICT OR EASEMENT PROPERTIES
 RECORDED FROM JULY 1, 1993 TO JUNE 30, 1994

| COUNTY | OWNER'S OR CHILDREN'S LOT EXCLUSIONS | | EXCLUSION BY COUNTY FOR PUBLIC BENEFIT | | | EARLY TERMINATION FOR SEVERE ECONOMIC HARDSHIP | | DISTRICT TERMINATION AFTER 5 YEARS | | ACREAGE ADJUSTMENTS FROM DEEDS | TOTALS |
|-----------------|--------------------------------------|----------------|--|------------------|----------------|--|---------|------------------------------------|-----------|--------------------------------|-----------|
| | Dist./Easement Acreage | Payback Amount | District Acreage | Easement Acreage | Payback Amount | Number | Acreage | Number | Acreage | | |
| ALLEGANY | | | | | | | | | | | |
| ANNE ARUNDEL | | | | | | | | | | +8.5900 | -199.8800 |
| BALTIMORE | -3.0000 | \$1,987.28 | | | | | | -1 | -208.4700 | | |
| CALVERT | -2.0000 | \$1,469.80 | | | | | | * | -23.7000 | | |
| CAROLINE | | | | | | | | | | | |
| CARROLL | -6.7934 | \$4,769.58 | | | | | | -1 | -125.6810 | +6.2800 | +6.2800 |
| CECIL | | | | | | | | -1 | -10.3000 | -0.8820 | -133.3564 |
| CHARLES | | | | | | | | | | -11.4740 | -21.7740 |
| DORCHESTER | | | | | | | | | | | |
| FREDERICK | -3.4000 | \$1,186.37 | | | | | | -1 | -178.7258 | | -182.1258 |
| GARRETT | | | | | | | | | | -11.5000 | -11.5000 |
| HARFORD | | | | | | | | | | -0.5830 | -0.5830 |
| HOWARD | -2.0000 | \$2,291.08 | | | | | | -3 | -245.9310 | | -247.9310 |
| KENT | -1.0000 | N/A | | | | | | * | -13.2550 | +1.9940 | -12.2610 |
| MONTGOMERY | | | | | | | | | | | |
| PRINCE GEORGE'S | | | | | | | | | | | |
| QUEEN ANNE'S | | | | | | | | | | | |
| ST. MARY'S | | | | | | | | | | | |
| SOMERSET | | | | | | | | | | +11.2620 | +11.2620 |
| TALBOT | -2.0000 | N/A | | | | | | | | +13.8660 | +11.8660 |
| WASHINGTON | | | | | | | | | | | |
| WICOMICO | -2.0000 | N/A | | | | | | | | +9.9330 | +7.9330 |
| WORCESTER | | | | | | | | | | | |
| TOTAL | -22.1934 | \$11,704.11 | | | | | | -7 | -806.2628 | +22.1920 | -806.2642 |

(*Partial termination resulting in loss of partial district acreage.)

FY '94 DISTRICT PARTICIPATION

In FY '94 the Foundation approved the establishment of 74 new agricultural land preservation districts protecting 9,720 acres. This amount represents a 4% increase over last year's total acreage base. This increase is slightly more than last year's increase of 3%. This is the first increase since FY '92. It is hoped that with the Foundation making approximately 25-30 easement offers each easement offer cycle and 50-60 offers per year that the increase in participation will continue each year.

After adding acreage of the newly established districts to last year's total acreage base (255,071 acres) and then subtracting the total acreage adjustments during FY '94 (806,2642), the total acreage base of recorded and approved district properties as of June 30, 1994 reflected 263,986 acres, covering 1,972 individual district properties.

During FY '94, Charles County enrolled the most district acreage in the Program with twelve (12) new districts being established for a total of 2,409 additional acres. This represents a County growth rate of 47%. As was the case last year, the second ranking county in terms of total acreage was Cecil County which added 1,098 acres to the program's acreage base in FY '94. Close behind was Harford County adding ten (10) new districts for a total of 1,093 acres.

On a regional perspective, the Southern region constituted the most growth by adding 2,809 acres, with the majority of the acreage located in Charles County. The region with the second highest growth rate in terms of preserved land in districts was the Upper Shore with 2,507 acres, followed by Central Maryland with 2,064 acres. The Lower Shore areas had enrolled 1,363 new agricultural acres. The Western Region had a moderate increase.

The Maryland Agricultural Land Preservation Foundation had a dedication ceremony in Cecil County where the Governor and several elected State and County officials attended. It was a ceremony that recognized the State and County efforts in preserving agricultural land by placing 4,444 contiguous acres into the program. The preservation area was proclaimed the largest contiguous preservation area on the Eastern Shore.

Governor William Donald Schaefer and other Maryland officials honored Allaire du Pont and St. Augustine Associates on July 8, 1993 for their impressive commitment to preserving the agricultural heritage of the State and for orchestrating the preservation of more than 4,000 acres.

A sign announcing the 4,444 contiguous acre preservation area was unveiled in a ceremony. Governor Schaefer presented Mrs. du Pont with a citation hailing her leadership and her foresight to understand that we need agriculture in Maryland.

Recently, the State purchased the development rights of some of the Cecil County agricultural districts, within the preservation area thereby providing permanent protection. Others are in the process and more are expected to settle within the near future.

The Maryland Agricultural Land Preservation Foundation Program continues to be very successful in preserving quality farmland and is compelled to maintain its success with the coordination and cooperation of local governments.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
 FY '94 DISTRICT PARTICIPATION

| COUNTY | RECORDED DISTRICTS AS OF JUNE 30, 1993 | | APPROVED DURING FY '94 | | COUNTY ACREAGE GROWTH RATE | ACREAGE ADJUSTMENTS | | TOTAL RECORDED AND APPROVED DISTRICTS AS OF JUNE 30, 1994 | | PERCENTAGE OF TOTAL |
|-----------------|--|------------------|------------------------|------------------|----------------------------|---------------------|------------------|---|------------------|---------------------|
| | No. of Districts | District Acreage | No. of Districts | District Acreage | | No. of Districts | District Acreage | No. of Districts | District Acreage | |
| ALLEGANY | 3 | 335.1980 | 0 | 0 | 0% | | | 3 | 335.1980 | 0.1% |
| ANNE ARUNDEL | 82 | 7,992.2334 | 1 | 100.0000 | 1.3% | -1 | -199.8800 | 82 | 7,892.3534 | 3.0% |
| BALTIMORE | 227 | 20,528.4352 | 13 | 919.8651 | 4.5% | * | -31.9940 | 240 | 21,416.3063 | 8.1% |
| CALVERT | 43 | 5,778.8492 | 3 | 274.0000 | 4.8% | * | -2.2000 | 46 | 6,050.6492 | 2.3% |
| CAROLINE | 241 | 32,806.4511 | 7 | 714.9210 | 2.1% | | +6.2800 | 248 | 33,527.6521 | 12.7% |
| CARROLL | 335 | 41,449.8327 | 5 | 464.2262 | 0.1% | -1 | -133.3564 | 339 | 41,780.7025 | 15.8% |
| CECIL | 64 | 10,457.3685 | 7 | 1,097.5476 | 10.5% | -1 | -21.7740 | 70 | 11,533.1421 | 4.3% |
| CHARLES | 36 | 5,161.0643 | 12 | 2,409.4690 | 47.0% | | | 48 | 7,570.5333 | 2.9% |
| DORCHESTER | 27 | 4,458.5390 | 2 | 493.3100 | 11.0% | | | 29 | 4,951.8490 | 1.9% |
| FREDERICK | 108 | 17,368.7476 | 1 | 133.5000 | 0.7% | -1 | -182.1258 | 108 | 17,320.1218 | 6.6% |
| GARRETT | 36 | 5,460.1448 | 0 | 0 | 0.0% | | | 36 | 5,448.6448 | 2.1% |
| HARFORD | 176 | 19,717.7037 | 10 | 1,093.4973 | 5.5% | | | 186 | 20,810.6180 | 7.9% |
| HOWARD | 52 | 6,527.7344 | 0 | 0 | 0.0% | -3 | -247.9310 | 49 | 6,279.8034 | 2.4% |
| KENT | 42 | 7,691.0972 | 2 | 510.0000 | 6.6% | * | -12.2610 | 44 | 8,188.8362 | 3.1% |
| MONTGOMERY | 17 | 2,911.5380 | 0 | 0 | 0.0% | | | 17 | 2,911.5380 | 1.1% |
| PRINCE GEORGE'S | 0 | 0.0000 | 0 | 0 | 0.0% | | | 0 | 0.0000 | 0% |
| QUBEN ANNE'S | 118 | 22,223.5276 | 0 | 0 | 0.0% | | | 118 | 22,223.5276 | 8.4% |
| ST. MARY'S | 23 | 3,761.0913 | 3 | 227.1900 | 6.0% | | | 26 | 3,988.2813 | 1.5% |
| SOMERSET | 22 | 3,476.7910 | 3 | 599.6850 | 17.2% | | +11.262 | 25 | 4,087.7380 | 1.5% |
| TALBOT | 40 | 7,028.9250 | 1 | 200.0000 | 2.8% | | +11.866 | 41 | 7,240.7910 | 2.7% |
| WASHINGTON | 153 | 21,302.9340 | 2 | 232.2100 | 1.1% | | | 155 | 21,535.1440 | 8.2% |
| WICOMICO | 53 | 7,786.6520 | 0 | 0 | 0.0% | | +7.933 | 53 | 7,794.5850 | 3.0% |
| WORCESTER | 7 | 846.5300 | 2 | 251.0000 | 30.0% | | | 9 | 1,097.5300 | 0.4% |
| TOTAL | 1,905 | 255,071.3880 | 74 | 9,720.4212 | 4.0% | -7 | -806.2642 | 1,972 | 263,985.5450 | 100% |

(*Partial termination resulting in loss of partial district acreage)

REGIONAL ANALYSIS: PERCENTAGE OF TOTAL DISTRICT ACREAGE

| REGIONS | FY '91 | FY '92 | FY '93 | FY '94 |
|-----------------------|---------------|---------------|---------------|---------------|
| WESTERN: 5 | | | | |
| 2 Garrett | 15.6% | 17.7% | 17.4% | 17.0% |
| Allegany | | | | |
| 1 Washington | 36,052 acres | 43,805 acres | 44,467 acres | 44,639 acres |
| 2 Frederick | | | | |
| CENTRAL: 12 | | | | |
| 4 Carroll | 36.8% | 35.2% | 35.7% | 35.3% |
| 4 Baltimore | | | | |
| 4 Harford | 84,946 acres | 90,295 acres | 91,135 acres | 93,199 acres |
| Montgomery | | | | |
| Howard | | | | |
| SOUTHERN: 0 | | | | |
| Anne Arundel | 9.0% | 9.2% | 8.9% | 9.6% |
| St. Mary's | | | | |
| Calvert | 20,853 acres | 22,666 acres | 22,693 acres | 25,502 acres |
| Charles | | | | |
| Prince George's | | | | |
| UPPER SHORE: 3 | | | | |
| Queen Anne's | 31.9% | 31.5% | 31.5% | 31.3% |
| Talbot | | | | |
| 1 Cecil | 73,775 acres | 77,962 acres | 80,207 acres | 82,714 acres |
| Kent | | | | |
| 2 Caroline | | | | |
| LOWER SHORE: 4 | | | | |
| 1 Dorchester | 6.7% | 6.4% | 6.5% | 6.8% |
| 2 Wicomico | | | | |
| Worcester | 15,315 acres | 15,741 acres | 16,569 acres | 17,932 acres |
| 1 Somerset | | | | |
| TOTAL ACREAGE | 230,941 acres | 250,469 acres | 255,071 acres | 263,986 acres |

REGIONAL ANALYSIS: PERCENTAGE OF TOTAL EASEMENT ACREAGE

| REGION | FY '92* | FY '93** | FY '93*** | FY '94**** |
|----------------------|--------------|---------------|---------------|---------------|
| WESTERN: | | | | |
| Garrett | | | | |
| Allegany | 13.5% | 13.6% | 13.6% | 13.7% |
| Washington | 13,258 acres | 13,882 acres | 14,541 acres | 15,075 acres |
| Frederick | | | | |
| CENTRAL: | | | | |
| Carroll | | | | |
| Baltimore | 41.1% | 41.1% | 39.7% | 40.0% |
| Harford | 40,544 acres | 41,198 acres | 42,403 acres | 43,782 acres |
| Montgomery | | | | |
| Howard | | | | |
| SOUTHERN: | | | | |
| Anne Arundel | | | | |
| St. Mary's | 8.3% | 8.2% | 7.8% | 7.6% |
| Calvert | 8,198 acres | 8,368 acres | 8,366 acres | 8,366 acres |
| Charles | | | | |
| Prince George's | | | | |
| UPPER SHORE: | | | | |
| Queen Anne's | | | | |
| Talbot | 33.5% | 33.4% | 33.9% | 33.5% |
| Cecil | 32,983 acres | 34,001 acres | 36,220 acres | 36,900 acres |
| Kent | | | | |
| Caroline | | | | |
| LOWER SHORE: | | | | |
| Dorchester | | | | |
| Wicomico | 3.6% | 4.4% | 5.0% | 5.2% |
| Worcester | 3,521 acres | 4,449 acres | 5,297 acres | 5,786 acres |
| Somerset | | | | |
| TOTAL ACREAGE | 98,504 acres | 101,898 acres | 106,827 acres | 109,909 acres |

* No new easement offers were made. Figures denote total easement acreage less easement acreage reductions for lot exclusions.

** Cycle One FY '93 Information Only - Carry-over From FY '91

*** Cycle Two FY '93 Information Only

**** Cycle One FY '94 Information Only

EASEMENT ACQUISITION PROGRAM

FY '93 Cycle Two Easement Acquisition

Average values of all accepted offers during Cycle Two of FY '93 are analyzed in the facing table by county and for the entire State. After settlement, a total of 4,948 acres will be placed under perpetual easement. The values listed in the table reflect average asking prices and cite average appraised values of properties within each county during Cycle Two of FY '93. They pertain exclusively to those properties on which easement offers were made and accepted and should not be considered as representative values of all farmland in any one county.

The average farm size of the 29 properties approved for easement sale and accepted by the landowner during FY '93 Cycle Two is 169 acres. The average asking price was \$1,375 per acre, while the average easement value was \$2,014 per acre.

The FY '93 Cycle Two average acquisition cost was \$1,269 per acre. The acceptance of 29 out of 33 easement offers made during this cycle shows a total acquisition cost of \$6,281,425 of which \$5,438,702 or 87% were State Funds and \$842,723 or 13% were County Matching Funds.

A total savings of \$3,860,789 in FY '93 Cycle Two was realized by the Foundation making offers that were less than the appraised easement value, but equal to the landowner's asking price and thus considered a discount to the State.

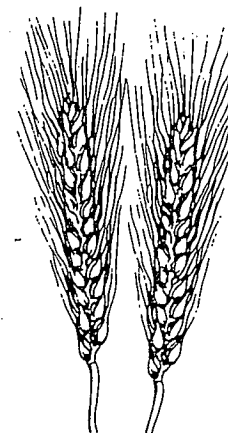
A landowner may be willing to sell an easement at a discounted value to ensure that they will receive a better ranking, which increases their chance of receiving a full easement offer.

Using the \$1,269 average acquisition cost per acre as a unit of measure for FY '93 Cycle Two, the Foundation was able to purchase an additional 3,042 acres. This component, more than any other, allows the Maryland program to be one of the most effective programs in the county.

During FY '93 Cycle Two, the Foundation made two (2) insufficient funds offers, which were ultimately accepted by the landowners and the State was able to purchase these easements for \$60,233 less than their estimated value.

During FY '93 Cycle Two 29 out of 33 easement offers were accepted, covering 4,948 acres!

In comparing FY '93 Cycle Two and FY '94 Cycle One the per acre values of the landowner's asking price per acre shows that asking prices per acre were higher in FY '94 Cycle One.



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
 FY '93 CYCLE TWO 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 | | | | | | | | | | |
| ANNE ARUNDEL | | | | | | | | | | |
| BALTIMORE | 2 | 249 | 124 | 2,675 | 5,422 | 596 | 4,826 | 2,675 | 684,128 | 500,941 |
| CALVERT | | | | | | | | | | |
| CAROLINE | | | | | | | | | | |
| CARROLL | 5 | 406 | 81 | 1,609 | 3,540 | 724 | 2,816 | 1,609 | 680,203 | 331,597 |
| CECIL | 5 | 1,663 | 333 | 1,600 | 3,304 | 589 | 2,716 | 1,600 | 2,175,459 | 1,871,348 |
| CHARLES | | | | | | | | | | |
| DORCHESTER | | | | | | | | | | |
| FREDERICK | 1 | 100 | 100 | 2,400 | 3,400 | 1,260 | 2,140 | 2,140 | 211,867 | |
| GARRETT | 2 | 436 | 218 | 848 | 1,175 | 472 | 703 | 639 | 272,784 | 19,939 |
| HARFORD | 3 | 562 | 187 | 1,818 | 3,532 | 758 | 2,774 | 1,818 | 986,080 | 526,317 |
| HOWARD | | | | | | | | | | |
| KENT | 1 | 297 | 297 | 1,000 | 2,799 | 763 | 2,035 | 1,000 | 297,494 | 305,927 |
| MONTGOMERY | | | | | | | | | | |
| PRINCE GEORGE'S | | | | | | | | | | |
| QUEEN ANNE'S | | | | | | | | | | |
| ST. MARY'S | | | | | | | | | | |
| SOMERSET | 1 | 110 | 110 | 1,200 | 951 | 666 | 285 | 285 | 30,703 | 98,597 |
| TALBOT | 2 | 260 | 130 | 1,700 | 2,269 | 995 | 1,273.82 | 1,117 | 286,585 | 44,935 |
| WASHINGTON | 1 | 125 | 125 | 1,850 | 3,200 | 1,110 | 2,091 | 1,486 | 187,256 | 40,294 |
| WICOMICO | 6 | 740 | 123 | 788 | 1,423 | 741 | 682 | 650 | 468,866 | 120,895 |
| WORCESTER | | | | | | | | | | |
| TOTAL | 29 | 4,948 | 169 | 1,375 | 2,808 4,668 | 489 | 2,014 | 1,269 | 6,281,425 | 3,860,789 |

FY '94 Cycle One Easement Acquisition

Average values of all accepted offers during Cycle One of FY '94 are analyzed in the facing table by county and for the entire State. For FY '94 Cycle One, after settlement, a total of 3,085 acres will be placed under perpetual easement. The values listed in the table reflect average asking prices and cite average appraised values of properties within each county during Cycle One of FY '94. They pertain exclusively to those properties on which easement offers were made and accepted and should not be considered as representative values of all farmland in any one county.

The average farm size of the 22 properties approved for easement sale and accepted by the landowner during FY '94 Cycle One is 139 acres. The average asking price was \$2,011 per acre, while the average easement value was \$3,208 per acre.

The FY '94 Cycle One average acquisition cost was \$1,843 per acre. The acceptance of 22 out of 26 easement offers made during this cycle shows a total acquisition cost of \$5,686,788 of which \$4,111,574 or 72% were State Funds and \$1,575,214 or 28% were County Matching Funds.

During FY '94 Cycle One 22 out of 26 easement offers were accepted, covering 3,085 acres.

A total savings of \$3,627,095 in FY '94 Cycle One were realized by the Foundation in making offers that were less than the appraised easement value, but equal to the landowner's asking price and thus considered a discount to the State. A

landowner may be willing to sell an easement at a discounted value to ensure that they will receive a better ranking, which increases their chance of receiving a full easement offer.

Using the \$1,843 average acquisition cost per acre as a unit of measure for FY '94 Cycle One, the Foundation was able to purchase an additional 1,968 acres due to the competitive bidding component of the program.

During FY '94 Cycle One, the Foundation made two (2) insufficient funds offers which were ultimately accepted by the landowners and the State was able to purchase these easements for \$173,660 less than their estimated value.

The per acre values of Fair Market Values, Agricultural Values and Easement Values were considerably higher during FY '94 Cycle One than FY '93 Cycle Two.

If a landowner disagrees with the values of the State appraisal and ultimately the offer made to him by the Foundation, he/she may file for arbitration with the local Property Tax Assessment Appeals Board. Further appeal may be made by either party to the Maryland Tax Court. Any determination of value would be binding for two years.

During FY '94, there was one (1) new arbitration case. The history of the program shows that there have been a total of 39 arbitration cases, including the one (1) arbitration case filed in FY '94. Overall, only 3% of the 1,210 easement applicants who could have requested arbitration, actually filed an appeal.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
FY '94 CYCLE ONE 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 | | | | | | | | | | |
| ANNE ARUNDEL | | | | | | | | | | |
| BALTIMORE | 5 | 643 | 129 | 3,285 | 7,330 | 462 | 6,869 | 3,247 | 2,203,900 | 2,084,775 |
| CALVERT | | | | | | | | | | |
| CAROLINE | 1 | 186 | 186 | 900 | 1,729 | 1,124 | 605 | 605 | 111,991 | |
| CARROLL | 1 | 328 | 328 | 2,000 | 3,995 | 596 | 3,399 | 2,000 | 648,300 | 453,458 |
| CECIL | 4 | 270 | 68 | 1,000 | 3,225 | 1,060 | 2,165 | 1,000 | 267,623 | 335,728 |
| CHARLES | | | | | | | | | | |
| DORCHESTER | 1 | 277 | 277 | 950 | 2,205 | 615 | 1,590 | 950 | 262,580 | 176,492 |
| FREDERICK | 2 | 312 | 1156 | 2,875 | 4,651 | 808 | 3,843 | 2,558 | 783,666 | 401,267 |
| GARRETT | 1 | 122 | 122 | 350 | 1,038 | 166 | 872 | 350 | 42,472 | 63,368 |
| HARFORD | 4 | 408 | 102 | 2,063 | 3,998 | 627 | 3,371 | 1,945 | 779,929 | 840,071 |
| HOWARD | | | | | | | | | | |
| KENT | | | | | | | | | | |
| MONTGOMERY | | | | | | | | | | |
| PRINCE GEORGE'S | | | | | | | | | | |
| QUEEN ANNE'S | | | | | | | | | | |
| ST. MARY'S | | | | | | | | | | |
| SOMERSET | | | | | | | | | | |
| TALBOT | 1 | 224 | 224 | 1,200 | 2,101 | 760 | 1,341 | 1,200 | 265,056 | 31,115 |
| WASHINGTON | 1 | 100 | 100 | 1,600 | 2,800 | 386 | 2,414 | 1,600 | 159,008 | 80,892 |
| WICOMICO | 1 | 214 | 214 | 2,000 | 1,514 | 749 | 765 | 765 | 162,263 | |
| WORCESTER | | | | | | | | | | |
| TOTAL | 22 | 3,085 | 139 | 2,011 | 3,855 | 647 | 3,208 | 1,843 | 5,686,788 | 3,627,095 |

617
2208

EASEMENT PARTICIPATION

FY '93 Cycle Two Easement Participation

The easement participation chart on the opposite page reflects the easements which were acquired during FY '93 Cycle Two and FY '94 Cycle One.

During FY '93 Cycle Two, the Foundation received accepted offers on 29 properties of the 33 considered, consisting of 4,948 acres.

In comparing individual county progress for FY '93 Cycle Two, Cecil County had the most acreage preserved, adding 1,663 acres to last year's total of 1,981 acres permanently preserved acres.

Wicomico County has added the second largest number of acres at 740 acres, preserving six (6) new properties.

Carroll County preserved five (5) new properties during FY '93 Cycle Two totalling 406 acres and still holds the title for the most acreage preserved in the State.

FY '94 Cycle One Easement Participation

During FY '94 Cycle One, the Foundation received accepted offers on 22 out of 26 properties considered, consisting of 3,085 acres.

In comparing individual county progress for FY '94 Cycle One, Baltimore County had the most acreage preserved, adding 643 new acres.

Harford County has added the second largest number of acres at 408 acres with four (4) new properties.

Significant activity also occurred in Frederick, Carroll, Dorchester and Cecil Counties. Talbot and Wicomico Counties added at least 200 acres to their permanently preserved acreage base as a result of FY '94 Cycle Easement Offers.

Although these increases during FY '93 Cycle Two and FY '94 Cycle One are modest, it reflects a strong commitment to preserve farmland on behalf of the landowners and the State during tight financial times. FY '94 Cycle Two easement offers will be reflected in next year's annual report.



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

EASEMENT PARTICIPATION

| County | Easement Acquired Or w/ Contract Status As Of June 30, 1993 | | Easements Offered & Accepted FY '93 Cycle Two | | Easements Offered & Accepted FY '94 Cycle One | | Less Recorded Lot Exclusions from Easements | | Total Easements Acquired Or w/ Contract Status As Of June 30, 1994 | | % Of Total |
|-----------------|---|---------------------|---|-------------------|---|-------------------|---|-----------------|--|---------------------|------------------|
| | Number | Acreage | Number | Acreage | Number | Acreage | Number | Acreage | Number | Acreage | |
| Allegany | 1 | 183.2920 | | | | | 1 | 183.2920 | | | 0.2% |
| Anne Arundel | 25 | 2,890.6947 | | | | | 25 | 2,890.6947 | | | 2.6% |
| Baltimore | 88 | 9,768.7234 | 2 | 248.9570 | 5 | 643.1000 | | -3.0000 | 95 | 10,657.7804 | 9.7% |
| Calvert | 24 | 3,457.9193 | | | | | 24 | -2.0000 | | | 3.1% |
| Caroline | 126 | 17,657.2239 | | | 1 | 186.0600 | 127 | 17,843.2839 | | | 16.2% |
| Carroll | 158 | 20,348.1492 | 5 | 406.4418 | 1 | 328.1500 | 164 | -6.7934 | 22 | 21,075.9476 | 19.2% |
| Cecil | 13 | 1,981.4609 | 5 | 1,663.2240 | 4 | 270.0740 | 22 | | 22 | 3,914.7589 | 3.6% |
| Charles | 1 | 221.7500 | | | | | 1 | | 1 | 221.7500 | 0.2% |
| Dorchester | 8 | 1,687.1420 | | | 1 | 277.4000 | 9 | | 9 | 1,964.5420 | 1.8% |
| Frederick | 43 | 7,753.9685 | 1 | 100.0000 | 2 | 311.8600 | 46 | -3.4000 | 46 | 8,162.4285 | 7.4% |
| Garrett | 16 | 2,428.1650 | 2 | 435.6400 | 1 | 122.3490 | 19 | | 19 | 2,986.1540 | 2.7% |
| Harford | 48 | 5,445.8476 | 3 | 561.8180 | 4 | 408.1289 | 55 | | 55 | 6,415.7945 | 5.8% |
| Howard | 27 | 3,957.7802 | | | | | 27 | -2.0000 | 27 | 3,955.7802 | 3.6% |
| Kent | 24 | 3,805.1062 | 1 | 296.5000 | | | 25 | -1.0000 | 25 | 4,100.6062 | 3.7% |
| Montgomery | 9 | 1,677.2078 | | | | | 9 | | 9 | 1,677.2078 | 1.5% |
| Prince George's | 0 | | | | | | 0 | | 0 | 0 | 0.0% |
| Queen Anne's | 47 | 8,868.9830 | | | | | 47 | | 47 | 8,868.9830 | 8.1% |
| St. Mary's | 12 | 1,797.9610 | | | | | 12 | | 12 | 1,797.9610 | 1.6% |
| Somerset | 7 | 1,077.5080 | 1 | 109.7500 | | | 8 | | 8 | 1,187.2580 | 1.1% |
| Talbot | 5 | 1,688.5220 | 2 | 260.2400 | 1 | 223.8800 | 8 | -2.0000 | 8 | 2,170.6420 | 2.0% |
| Washington | 14 | 3,515.9455 | 1 | 125.0100 | 1 | 100.3800 | 16 | | 16 | 3,741.3355 | 3.4% |
| Wicomico | 10 | 1,443.6100 | 6 | 739.9680 | 1 | 213.9800 | 17 | -2.0000 | 17 | 2,395.5580 | 2.2% |
| Worcester | 1 | 241.0000 | | | | | 1 | | 1 | 241.0000 | 0.2% |
| Total | 707 | 101,897,9602 | 29 | 4,947,5488 | 22 | 3,085,3619 | 758 | -22,1934 | 758 | 109,908,6775 | 100.0% |

EASEMENT ACQUISITION PROGRAM HISTORIC PERSPECTIVE

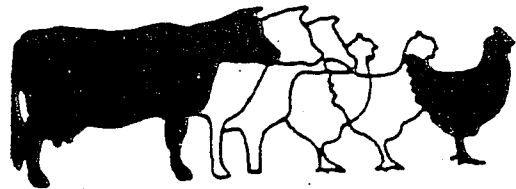
The Historic Perspective table shows easement acquisitions by year. The table also factors in adjustments from deeds and late rejections of easement offers after initial acceptance, which is noted in the final figure. The average fair market, agricultural and easement values are based on the appraisals selected by the State and used in making easement offers. However, these figures do not reflect adjustments for acreage as settled. The total acquisition cost and per acre averages reflect final dollar figures. The table also shows the historic total of acreage reductions which resulted from lot exclusions. Adjustments made to reflect the total payback amount associated with lot exclusions to date are shown at the bottom of the acquisition cost column.

Over the past 16 years, a total of 758 applicants of the 1,210 easement applicants have accepted easement offers made by the Foundation representing a 63% acceptance rate. However, since FY '90, the rate of acceptance has been above 80%. The amount of land contained on the 758 farms that have accepted the Foundation's easement offer total 109,909 acres. This adjusted figure takes into consideration a total reduction of 22,193.4 acres in FY '93 Cycle Two and FY '94 Cycle One. Historically, the average farm size was 145 acres. However, over the years, the average farm size ranged from 169 acres in FY '93 Cycle Two to 114 acres in Cycle One of FY '93. This figure may reflect a trend in agriculture as a whole, focusing on smaller, more intensively managed farms.

The appraised easement value is the difference between the Fair Market value and the agricultural value of any particular farm. The cost that is actually paid to the landowner is

called the acquisition cost. This cost depicts the lower price between either the asking price or the appraised easement value. For those landowners who accepted the Foundation's easement offer, the historic average asking price was \$1,237 per acre. Historically, the average Easement Value has been \$1,244 per acre. However, the average historic acquisition cost increased to \$1,041 per acre from last year's historic average of \$954 per acre. Landowners may discount their asking price as a form of a competitive bid to improve their ranking and perhaps to maintain a better chance of receiving an offer from the Foundation. This becomes very important during times of limited funds.

The discount value plays an important role to the Foundation in making easement offers. The discount value is the amount the Foundation saves by making easement offers to landowners based on their asking price instead of the appraised easement value. Over the years, due to competitive bidding and the discounted values, the Foundation has been able to save \$21,424,079. This allowed the State to purchase 12,529.497 additional acres. Therefore, the most cost effective component of the program is distinguished by the nature of the competitive bidding mechanism.



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
EASEMENT ACQUISITION PROGRAM - HISTORIC PERSPECTIVE

| FISCAL YEAR | ACCEPTED OFFERS % TOTAL APPLICATIONS | TOTAL ACRES | AVERAGE FARM SIZE | ASKING PRICE THAT ACCEPTED AVG. PER ACRE TOTAL AMT. | APPRAISED VALUES | | | ACQUISITION COST AVG. PER ACRE TOTAL AMT. | DISCOUNT VALUE ADD'L ACRES TOTAL AMT. |
|----------------|---|--|-------------------|--|---|--|--------------------------------------|--|--|
| | | | | | FAIR MARKET AVG. PER ACRE TOTAL AMT. | AGRICULTURAL AVG. PER ACRE TOTAL AMT. | EASEMENT AVG. PER ACRE TOTAL AMT. | | |
| 1977 to 1987 | 393 of 729 54% | 59,183.0958 | 151 acres | \$932/acre \$55,148,197 | \$281/acre \$136,384,970 | \$1389/acre \$82,182,796 | \$916/acre \$54,202,174 | \$806/acre \$47,728,371 | 5312.49 acres \$3,536,528 |
| 1988 | 77 of 104 74% | 10,366.1767 | 135 acres | \$945/acre \$ 9,798,920 | \$2290/acre \$23,741,280 | \$1337/acre \$13,865,850 | \$953/acre \$9,875,430 | \$792/acre \$8,198,193 | 2,120.40 acres \$1,677,237 |
| 1989 | 66 of 111 59% | 9,300.9209 | 141 acres | \$1538/acre \$14,306,184 | \$2967/acre \$27,600,116 | \$1541/acre \$14,333,220 | \$1426/acre \$13,266,916 | \$1225/acre \$11,399,272 | 1,523.26 acres \$1,867,644 |
| 1990 Cycle One | 88 of 110 80% | 12,665.1051 | 144 acres | \$1668/acre \$21,124,232 | \$2668/acre \$33,784,742 | \$1232/acre \$15,598,253 | \$1436/acre \$18,187,091 | \$1342/acre \$17,302,484 | 647.59 acres \$ 884,607 |
| 1990 Cycle Two | 53 of 63 88% | 7,103.7695 | 134 acres | \$2317/acre \$16,465,131 | \$2212/acre \$22,818,467 | \$1325/acre \$ 9,416,347 | \$1866/acre \$13,402,023 | \$1779/acre \$12,639,837 | 179.54 acres \$1,275,433 |
| 1991 and 1992 | 0 | 0 | 0 | N/A | N/A | N/A | N/A | N/A | N/A |
| 1993 Cycle One | 30 of 34 88% | 3,409.8848 | 114 acres | \$1800/acre \$6,139,699 | \$2083/acre \$10,512,281 | \$770/acre \$2,626,202 | \$2,313/acre \$7,886,080 | \$1,522/acre \$5,191,335 | 790.27 acres 2,694,746 |
| 1993 Cycle Two | 29 of 33 88% | 4,947.5488 | 169 acres | \$1375/acre \$6,800,926 | \$1692/acre \$8,370,800 | \$489/acre \$2,420,904 | \$201.4/acre \$9,966,619 | \$1,269/acre \$6,281,425 | 780.34/acre \$3,860,789 |
| 1994 Cycle One | 22 of 26 88% | 3,085.3619 | 139 acres | \$2011/acre \$6,204,831 | \$3855/acre \$11,895,050 | \$647/acre \$1,996,538 | \$3208/acre \$9,898,511 | \$1,843/acre \$5,686,788 | 1,175.58/acre \$3,627,095 |
| TOTAL | 758 of 1,210 63% | 110,061.8635 LESS: 153.1860 109,908.6775 | 145 acres | \$1237/acre \$135,988,120 | \$2593/acre \$275,107,706 | \$1296/acre \$142,440,210 | \$1244/acre \$136,684,844 | \$114,527,704 1,041/acre LESS: 83,335 \$114,444,369 | 12,529.47 acres \$21,424,079 |

PRESERVATION VERSUS CONVERSION

The graph and table on the opposite page reflect a comparison of preservation versus conversion and covers the period 1986 - 1994. This illustration shows a comparison between the amount of farmland in Maryland that has been preserved versus farmland converted to other uses. It also depicts the corresponding amount of easement acreage acquired between that period of time.

There were 29 new easement offers made in Cycle Two of FY '93 and 22 in Cycle One of FY '94. This represents 4,948 acres in FY '93 Cycle Two and 3,085 acres in FY '94 Cycle One.

The amount of farmland that is continually being lost to development far surpasses that which is being preserved. Despite the fact that Maryland continues to have the most successful program of its kind in the country, farmland is disappearing at an alarming rate.

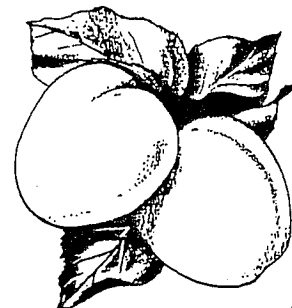
To date, preservation efforts of the Maryland Agricultural Land Preservation Foundation have protected only about 33% of the farmland lost during the past ten (10) years. However, the amount of farmland being converted to other uses has slowed drastically during the past few years. The total amount of preserved land in the adjoining graph represents only those areas protected by the Maryland Agricultural Land Preservation Foundation. There are, however, other programs including federal, state, county and private land trusts that help to protect Maryland's farmland. Thus, the total amount of preserved farmland over the past ten (10) years is greater than that shown on the chart.

The Foundation is proud of its past accomplishments. However, in spite of being the most successful program of its kind in the country, Maryland's efforts have not been keeping pace with conversion, such that lost farmland far exceeds the amount which has been preserved.

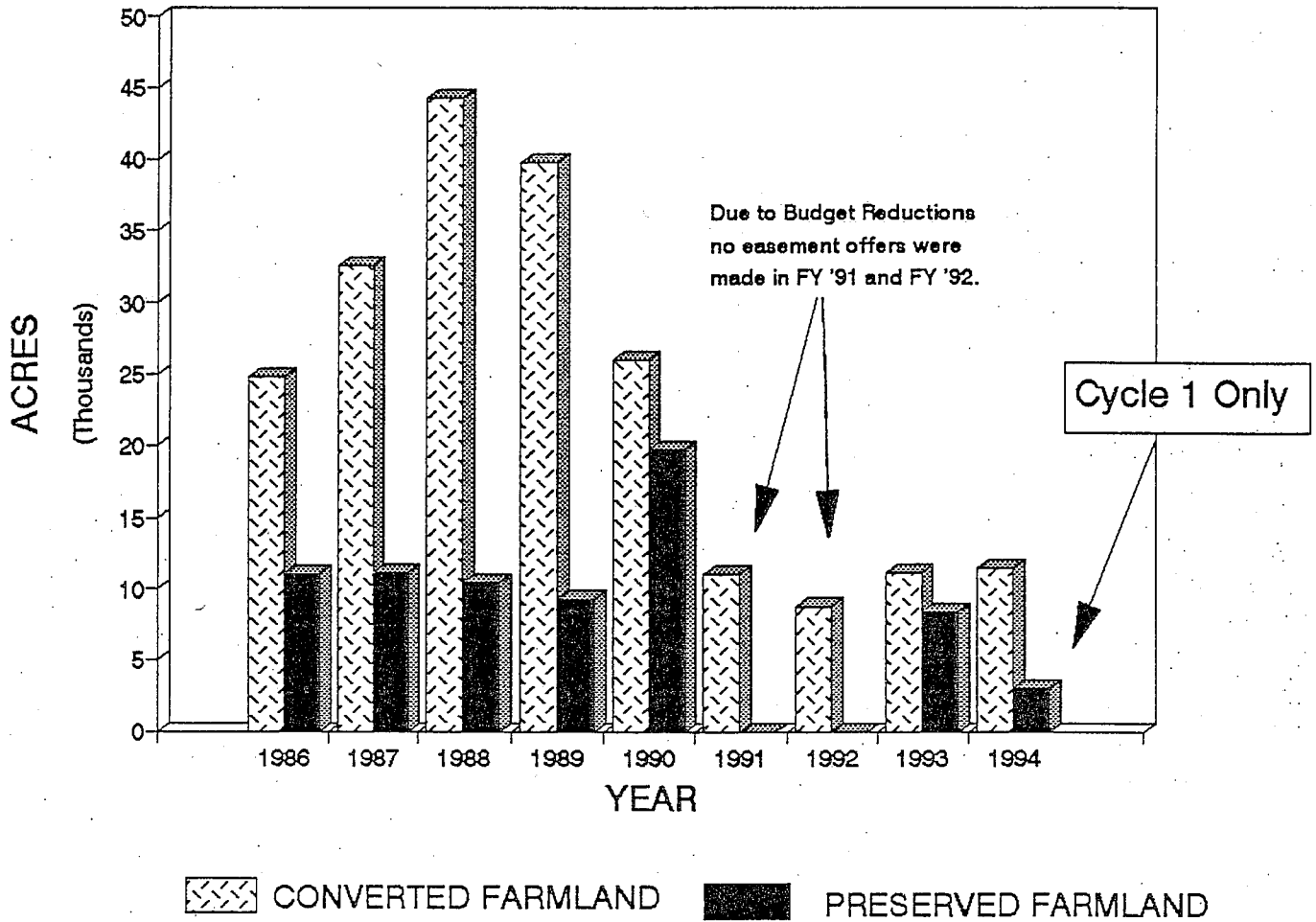
Over the last nine (9) years, Maryland has been losing an average of 23,317 acres per year. The Maryland Agricultural Land Preservation Foundation has been able to preserve an average of only 8,107 acres per year. At this rate, by the year 2000, Maryland can expect to lose an additional 91,260 acres of farmland.

To preserve farmland and work closely with other preservation programs, a more concentrated effort has to be made or we may have to accept the stark reality that our precious farmland may succumb to development. The time to preserve is now, especially in light of the current economy, low interest rates and the future threat of development.

Maryland has shown a lot of support and has been committed to the preservation of farmland but its efforts require the cooperation of local governments and landowners to make it work. Together, we can preserve Maryland and its agricultural resources but NOW is the time to do it.



PRESERVATION VERSUS CONVERSION



NOTE: Acres of preserved farmland in the above chart only reflects that which was preserved by the Maryland Agricultural Land Preservation Foundation. There may have been more farmland acres preserved through various county programs, local land trusts and other state programs.

| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | TOTAL |
|--------------------|--------|--------|--------|--------|-------|--------|-------|-------|--------|---------|
| CONVERTED FARMLAND | 24831 | 32524 | 44269 | 39801 | 26079 | 11070 | 8719 | 11132 | 11430 | 209855 |
| PRESERVED FARMLAND | 10991 | 11091 | 10366 | 9301 | 19768 | 0 | 0 | 8358 | * 3085 | 72960 |
| DIFFERENCE | -13840 | -21433 | -33903 | -30500 | -6311 | -11070 | -8719 | -2774 | -8345 | -136895 |

* Cycle One only

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Vacant

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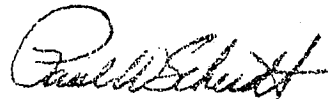
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Sue Simmerer, Secretary
Angela Allen, Fiscal Clerk

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Thank you to the landowners who believe in the program and in the preservation of our greatest natural resource. Without their dedication, Maryland could not enjoy the accomplishments of preserving some of the finest farmland in the State.

Sincerely,



Paul W. Scheidt
Executive Director

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