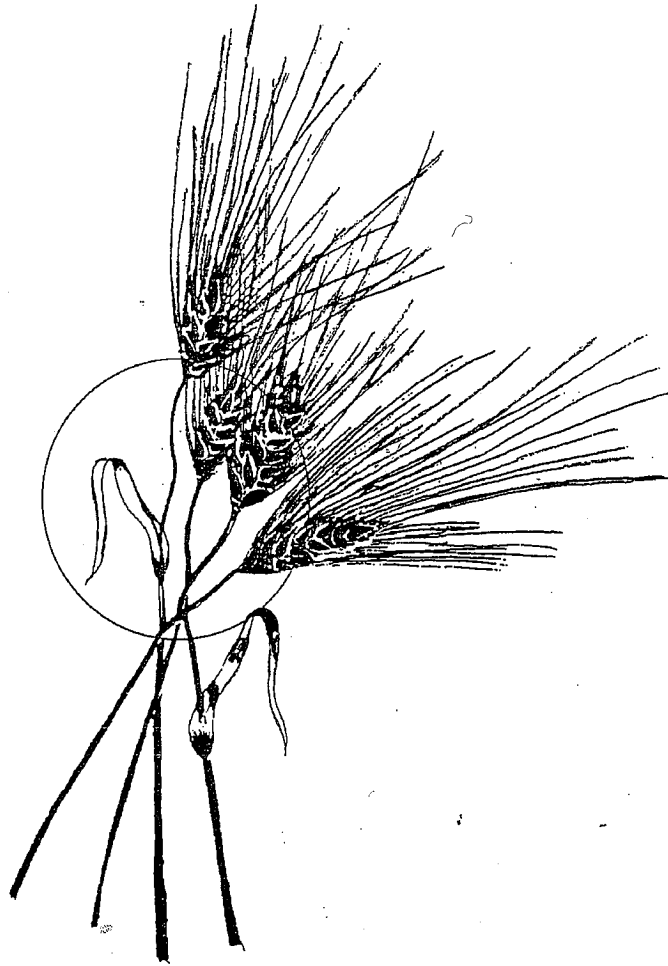


**Maryland
Agricultural Land
Preservation Foundation**

**Annual Report
1996**



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

ANNUAL REPORT

FOR

FISCAL YEAR 1996

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

Daniel Shortall, Chairman

Paul W. Scheidt, Executive Director

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**STATE OF MARYLAND
DEPARTMENT OF AGRICULTURE**

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

November 1, 1996

The Honorable Parris N. Glendening, 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 1996 Annual Report of the Maryland Agricultural Land Preservation Foundation and are proud to announce that this year marks the nineteenth 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 10,932 acres were placed into new agricultural land preservation districts. At the close of FY '96, after accounting for acreage adjustments due to lot exclusions and terminations, the Foundation had a grand total of 2,134 individual farms enrolled in our program protecting 268,181 acres.

Of those acres, and as of June 30, 1996, the Maryland Agricultural Land Preservation Foundation either purchased or has acquired options to purchase perpetual preservation easements on a grand total of 128,031 acres. Previously, the Foundation operated two easement offer cycles per year. Since the last annual report, the Foundation has acquired 75 new preservation easements: 25 new easements in Cycle Two of FY '95 covering 4,161 acres and 50 new easements in FY '96 covering 6,575 acres. The passage of House Bill 778, during the 1995 Legislative Session, eliminated the two cycle easement acquisition program and reinstates only one (1) easement cycle per year.

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 Shortall in cursive script.

Daniel Shortall, 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 provide for the continued production of food and fiber for all citizens of the State. The preservation of agricultural lands will help curb the random 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 members serve at-large from various regions of the State. All members are appointed by the Governor and serve a term of four years. At least five of the at-large members are farmer representatives of which three 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, agricultural land preservation 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 members, at least three of whom are owner/operators of commercial farms and earn 50% or more of their income from farming.

Calvert County modified requirements of the Calvert County Agricultural Preservation Advisory Board through the passage of HB 574 during the 1994 General Assembly. The modification simply stated that instead of earning at least 50% or more of their income from farming that at least three of the five members must be actively involved in an ongoing, commercial, and for profit farming operation.

The advisory board in each county assists in the dispersal of information, creation of program rules, regulations and procedures and in the creation of agricultural land preservation "districts." As a district, the subdivision and development of the land are 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 his or her property be included in a district, he or she must be willing to maintain the land in agricultural use for a minimum of five 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 and/or woodland group one or two. These soils are considered to be prime or productive and are

capable of successfully producing viable agricultural commodities with reasonable yields and returns.

A landowner who includes his or her 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 an agricultural land preservation easement to the Foundation. However, there is no guarantee that an offer will be made by the Foundation. The application submitted by the landowner will 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 3), whichever is lower. Of course, any offer made is subject to available funds and the State 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 on the subject property. 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 an agricultural land preservation 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
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Note: The Foundation's offer to purchase an agricultural land preservation easement on any property will be dependent upon the county's approval of the application to sell an easement, available funds and the approval from the State Board of Public Works.

Figure 1. Easement Value Formula

COOPERATIVE ARRANGEMENTS WITH OTHER AGENCIES/PROGRAMS

Agricultural and Natural Resource Land Protection Program

The Department of Agriculture (MDA), Department of Natural Resources (DNR), and Office of Planning (OP), in cooperation with the Maryland Economic Development Corporation (MEDCO), Maryland Farm Bureau, Maryland State Grange, University of Maryland, Eastern Shore Land Conservancy and Maryland Environmental Trust, have developed a proposal to preserve the farms, natural resources and farm economy of Maryland's most productive agricultural regions. By authorizing land conservation bonds funded with a dedicated revenue source for the voluntary purchase of conservation easements in special regions of the state, the program would be applied to two or more initial focus areas to test the concept and protect land that is threatened by development.

The goals of the program include conserving large blocks of farmland rich in natural resources, preserve lands of statewide or regional significance; insure survival of agricultural and natural resource based economies; and encourage local governments to manage growth in targeted areas.

In addition, the program aims to protect the best of Maryland's farmland and natural resources from random sprawl development at an accelerated pace through the purchase of easements. This helps to preserve the land base which supports agricultural and natural resource based industries in Maryland's most important farming regions.

The outcome of this program would produce immediate, tangible results in land being protected before it is lost forever to development. It is felt that voluntary, targeted acquisitions have broad public support, with little or no owner opposition. During FY '96, over 200 farmers have applied to

sell an easement to the Maryland Agricultural Land Preservation Foundation alone, covering over 29,000 acres of land. It is projected that the newly proposed program as a segment of the Maryland Agricultural Land Preservation Foundation will be able to protect about 23,000 additional acres in two focus areas within four years and protect about 142,324 acres statewide in five years!!

The program will have a two phased approach. Phase I will include a large bond fund to supplement existing open space and agricultural easement budgets -- \$30 million for agricultural easements, using \$3 million in transfer tax to support debt for bonds in two initial focus areas.

If this proposed program is adopted, the Agricultural Land Preservation Foundation law will have to be amended to allow the parallel program to target funds to initial focus areas and a Steering Committee would need to be established. The Committee working with MEDCO will be allowed to issue bonds in order to acquire easements with fixed or variable rate bonds or other financing plans, including installment purchase contracts (such as that used in Howard and Harford Counties local easement purchase program). In addition, the Committee will solicit and accept proposals from counties or groups of counties to receive and administer such funds.

During Phase I landowners will compete to sell easements, while counties will compete to establish new focus areas.

Currently, the two focus areas planned for the initial pilot program will be located on the Eastern Shore and the Western Shore. Hopefully, funds will complement and fill gaps in successful existing agricultural/natural resource protection programs, and help Counties achieve their protection goals.

Each preservation area will have four types of criteria established: General, Agricultural, Natural Resources and special focus areas. General criteria would include a coordinated staffed solicitation and implementation plan that will require local government approval. The object will be to prevent land from being converted to other uses; preserve large blocks of contiguous lands; fill gaps in existing protected lands; preserve natural resources and demonstrate long-term economic stability of farming, natural resource-based economies in the area.

Agricultural criteria will include retaining industries and services to sustain existing and new farming operations in the area; preserve the highest concentrations of the most productive agricultural lands; contribute to water quality improvements (e.g., nutrient reduction) and maximize the amount of land protected for funds available.

Natural Resources criteria will include improving management practices for natural habitat and environmental quality; create new water quality improvements; connect linear natural corridors; preserve wildlife habitat of state significance; create open space and farm buffers to public land; protect endangered/threatened species habitats; create vegetative shoreline buffers; protect cultural and historic sites; help implement Strategic Plans and maximize the protection for funds available.

Special focus areas criteria will connect existing protected lands and fill gaps; create incentive for growth management measures and long-term agricultural preservation programs and demonstrate local commitment to farming and natural resource use as preferred land use.

Phase II of this proposed program will devote \$9 million a year to debt service on \$90 million in bonds, in order to protect an additional 46,306 (estimated) acres.

In Phase II, a larger portion of real estate transfer tax is planned to be dedicated toward debt service for bonds, as needed to expand focus areas to all local jurisdictions that apply, and to those that can use funds based on willing property owners.

In addition, there are plans to have increased incentives to landowners to sell easements through targeted use of federally funded Conservation Reserve Program (CRP) payments for buffers and other Best Management Practices on marginal lands, contributing to the Bay Cleanup Program. There will be an increased proportion of federal land conservation funds through USDA easement match program, and the Forest Legacy Program.

For Phase II, it is planned that an effort to broaden the goals and criteria of the Statewide Green Infrastructure program, beyond Phase I, as necessary to implement the Statewide Natural Resources Management Plan, contribute to managing growth consistent with revised local comprehensive plans, implement the Chesapeake Bay Agreement and protect the best of Maryland's agricultural and natural resources.

At the time of this printing, significant changes to this newly proposed program have developed. The new program will be called the "**Rural Legacy Program**" and it will be part of Governor Parris N. Glendening's Smart Growth and Neighborhood Conservation Initiative, which will be introduced as legislation in 1997. The program will encourage local governments and private land trusts to identify Rural Legacy areas and to competitively apply for funds that will complement existing land conservation efforts and to create new programs.

Our 1997 Annual Report, will address program developments as they occur during the year. The report will address the status of the legislative hearings, and if passed, the operative details of the program.

Future Harvest Project

The Future Harvest Project is a four-year project funded by a grant from the W. K. Kellogg Foundation, whose goal is to foster the widespread adoption of sustainable agriculture throughout the Maryland and Delaware portions of the Chesapeake Bay watershed. The project has four separate Boards to evaluate various aspects of land use and agriculture.

The Chairman and Executive Director of the Maryland Agricultural Land Preservation Foundation both serve on the Chesapeake Farms for the Future Board.

The other three boards are "farm boards". Each farm board consists of approximately 10 farmers, growers or extension agents from across Maryland and Delaware. These boards were established to examine and support innovative ideas for on-farm demonstration and research and will examine the best ways to promote the adoption of sustainable agriculture through on-farm demonstrations of innovative production, marketing, wildlife habitat improvements and stewardship strategies.

These boards are loosely divided according to farm size: small farms (up to 50 acres); mid sized farms (51-300 acres) and large farms (larger than 300 acres).

Throughout 1996, the Future Harvest Project Board met to evaluate Maryland's county and state level farmland protection programs. Formed in 1995, the board consists of farmers and non-farmers who work at the state and local level.

The Board not only includes representatives from the Maryland Agricultural Land Preservation Foundation but it also includes representatives from the Maryland Farm Bureau, Maryland Office of Planning, The Nature Conservancy, Maryland Department of Natural Resources, Eastern Shore Land Conservancy, members of the Maryland

House of Delegates, as well as representatives from several county farmland protection programs.

As part of the evaluation, in 1996 the board began the process of creating a computer-generated map that will identify land within the State that has strategic and important agricultural value. Following several public meetings, the board selected criteria (pertaining to economic, environmental, cultural and other factors) to be used in identifying strategic and important farmland. The board hired Earth Satellite Corporation of Rockville, Maryland to digitize specific data in order to create a computerized Geographic Information System map. The map is expected to be completed in early 1997.

The board also developed Measures of Success for evaluating farmland protection programs across the State and held several public meetings to begin the evaluation. In 1997, the board will develop and recommend alternative farmland protection strategies, as needed, for the public and private sectors. Although recommendations will be made, the board will not have the authority to enforce or implement any regulations associated with future change.

Our 1997 Annual Report will address this issue further and will be made available in December of 1997.

ADMINISTRATIVE POLICY CHANGES

Spending Sequence of Available Funds for Easement Purchases

Prior to FY '95, the Foundation utilized available funds to purchase easements by first using the general allotted funds allocated to each county before using any of the committed county or state matching funds. During FY '95, the Foundation approved a new policy which would first utilize the County and State matching fund commitments before using the general allotted funds. This new policy would have fully utilized County funds committed for preservation and could very well have resulted in 1 or 2 more easements being purchased statewide each year based on previous acquisition trends.

However, concerns were raised by some of the counties regarding the new spending sequence of funds. They believed it took away state general allotted funds that the county was entitled to and made them fully utilize the total amount of matching funds that they committed. The program requires that the state and county share the cost of purchasing easements until one of the two matching amounts are expended.

During the October 24, 1995 Foundation's Board of Trustees meeting, the Trustees discussed this issue with great opposition from Program Administrators and voted to revert back to using the old spending sequence but evaluate the new method more thoroughly. The Board continued with the new spending sequence for the FY '95 Cycle Two easement acquisition program. Thus, the Board had two (2) full cycles (in FY '95) to show the effects of using the new method.

The Foundation's Board of Trustees considered the long term effects of each method and examined which method would be best for the statewide agricultural land preservation program during FY '96 and beyond. The Foundation staff worked closely with Program Administrators to evaluate

and compare effects of using the old spending sequence and the new spending sequence.

Using the new method of spending sequence, the County matching funds, committed by local governments specifically for making easement offers in their county, were utilized to their maximum potential with fewer county funds remaining unspent. More state funds were available for Round Two easement offers (\$98,378.09 in Cycle One and \$142,615.17 in Cycle Two). These funds were applied to quality farms that had significantly discounted their offer below the calculated easement offer.

The new spending sequence allowed the Foundation to purchase an additional agricultural land preservation easement in Round Two of Cycle Two of FY '95 which added another 200 acres in the total acreage preserved. State funds were fully utilized. In Cycle Two, only \$1,349.05 remained at the close of the cycle, as compared to the \$57,733.88 that would have remained if the old method was used.

The County program administrators argued that the additional county matching funds paid in one cycle, as a result of the new method, are funds that would have remained in the individual county's program account that is dedicated as a county commitment to matching funds in a future cycle. The County program administrators also point out that the County not only loses the dollar amount of general allotted funds listed, they also lose their leveraging ability for an additional 60% match of State funds in the next cycle.

After weighing several factors, the Trustees voted to return to the old method for future easement cycles. Therefore, State money through the use of general allotted funds will be used first before sharing any matching commitments being provided by the counties.

Appraisal Date of Valuation

New regulations have been drafted and reviewed by the Foundation's Board of Trustees to establish a specified date of valuation for all approvals in any one cycle.

Applications for easement sale are received throughout the year, but bids for appraisals are mailed out once a year.

Depending on when an appraiser can actually visit the property, the appraisal date can be quite varied. As a result, the Foundation prepared regulations to establish July 1 as the date of valuation for all appraisals for a specific offer cycle. This provides unification in comparing all properties in each easement acquisition program.

PROGRAM ISSUES AND ON-GOING STRATEGIES

In the spring of 1996, the Board of Trustees and local Program Administrators began a long-term comprehensive review of the Maryland Agricultural Land Preservation Foundation. Many issues will be addressed, including, but not limited to: (1) increased funding, (2) agricultural value formula, (3) administrative process, (4) lot exclusions, and (5) certification of local agricultural land preservation programs.

A Policy Review Committee was formed and is made up of several members of the Foundation's Board of Trustees, regional representatives of program administrators from the Western, Central, Southern and Eastern Shore regions of the State and Foundation staff.

Together, their mission is to evaluate the identified areas of concern, discuss and research possibilities for improvement and/or change. Recommendations will be made to the full Board of Trustees of the Maryland Agricultural Land Preservation Foundation. If accepted, legislation will be drafted for the Secretary of Agriculture's review prior to being submitted to the Maryland General Assembly.

Agricultural Value Formula

The first topic of discussion and evaluation of the Policy Review Committee was the Agricultural Value Formula.

Because there were several occurrences of negative easement values (mainly on the Eastern Shore), the Policy Review Committee discussed ways to eliminate such results. Negative easement values occurred where Fair Market Value was very close to the agricultural value on the open real estate market as being the highest and best use but where the agricultural value (as per the Formula) was determined to be a higher value based on what soils could theoretically produce.

One factor that seriously effects production which is not incorporated into the agricultural value formula is that of management (i.e. irrigation). Caroline County had the most occurrences of negative values. In reviewing their soil types, these farms had a large percentage of prime soils which on paper could produce very high yields. However, in reality, the sandy substrate on these soils causes the land to be very droughty if inadequate moisture prevails.

One suggestion to address the situation was to establish a maximum agricultural value for each property. Currently, the agricultural value formula uses a \$25 per acre minimum value for the formula's calculated rent. When capitalized at 6%, this minimum value equates to an agricultural value of \$416 per acre. The proposal of a maximum value may mitigate the problem of low and negative easement values.

If a maximum calculated rent was set at \$60 per acre, the agricultural value of the farm would be translated to \$1,000 per acre. At the Trustees request, Foundation staff gathered information to determine the number of occurrences and location of properties that had a calculated agricultural value greater than \$1,000 per acre during both easement offer Cycles of FY '95. From the information collected, there appeared to be a large number of occurrences (84 out of 219 properties appraised or 38%). The distribution of these occurrences were statewide and not just on the eastern shore. With the large number of occurrences, it was decided that maybe a \$1,000 per acre (maximum value) may be too low a cap.

In comparison, the minimum value of \$25 calculated rent and \$416.67 per acre, the number of occurrences during FY '95 was 13 out of 219 or 6%. If the same percentage was applied in establishing a maximum value, then a calculated rent of \$72 per acre or \$1,200 per acre agricultural value would be reflected for FY '95.

During the June 25, 1996 Board Meeting, Foundation Staff recommended that the proposed methodology to determine agricultural value be changed to the lower of either: the agricultural value determined by using the agricultural value formula OR the capitalized value of the average 5-year cash rent for the county where the property is located. Using actual cash rents set by area farmers seemed to be a good indicator of value. In addition, a five year average would account for economic swings and varying weather patterns.

This proposed methodology was supported by the Policy Review Committee and the request for change was submitted and approved by the Foundation's Board of Trustees. The newly approved method will be applied to the FY '97 easement applicants.

At the request of the Trustees, the Foundation staff prepared statistical charts and other

information comparing the values and properties that were appraised during FY '95 Cycle Two under the existing method versus the newly approved method of determining agricultural value. In order to limit the sample data, Foundation Staff evaluated and compared properties in Baltimore, Carroll and Caroline Counties.

As a result, Agricultural Value decreased in each county (8% in Baltimore, 13.3% in Carroll and 35.4 % in Caroline, where most of the negative easement values occurred). The average agricultural value under the existing method ranged from \$683/acre in Baltimore County to \$1,199/acre in Caroline County. Under the new methodology, the average agricultural values are closer together resulting in a range of \$629 in Baltimore, \$771 in Carroll, and \$774 in Caroline—a range difference of only \$105/acre.

Generally, because agricultural values decreased, easement values increased. Slight decreases in easement values were noted in Baltimore County (1.3%) and Carroll County (5.6%), while a significant increase occurred in Caroline County (83.7%). Increases in easement values and a well balanced agricultural value may spark increased interest on farms with high percentages of prime and productive soils resulting in the purchase of easements on farms with the most productive soils.

Ratios and priority ranking within each county changed slightly as easement values changed. The most significant change of the three counties evaluated, was evident in Caroline County, with a ratio decrease of 59%, making those properties more competitive in statewide ranking. The average ratio in Baltimore decreased 1.2% while the average ratio in Carroll decreased 6.7%. The ranking of those properties evaluated in Round One would have changed slightly but held fairly constant due to competitive bidding. An evaluation was not done on the effects statewide or for Round Two offers.

It is assumed that the better quality farms will not be penalized for having good quality farmland and will maintain a competitive chance of selling an easement. Also, as a result of having an agricultural value based on the actual rents being paid by farmers and backed by historical comparison data, more properties with quality land will begin to apply to the program.

Foundation Staff contends that the Policy Review Committee needs to define whether the members would rather see the program preserve the most productive agricultural land OR the land that is most threatened by development with development potential.

If the committee feels the focus of the Foundation's preservation efforts should be on the better quality farms in order to maintain the continued production of food and fiber, then staff recommends that a prioritization method be established to identify these farms.

Based on committee discussions, and a survey of local priority rankings of easement applicants, the most important factors include productive capabilities of the land. Specifically, soil types and potential yield factors that these soils can theoretically produce are significantly important. However, surrounding areas and support for continued production also play an important role.

The USDA Land Evaluation and Site Assessment (LESA) system rates soils in a specific region based on the best soils in that region in terms of its capability. This system, if used correctly, can address the regional differences in soils, and surrounding effects but it is not widely used.

Other key factors identified were Field Enhancements and/or Best Management Practices. These practices help control erosion, soil loss and in some cases, increase production. On-site investments in agricultural structures were also

identified as important factors which add to the likelihood that agricultural production will continue (at least more so than on a parcel that has no buildings or structures at all). In addition, the Policy Review Committee believed development potential of the property should also be considered as well as competitive bidding. However, it was determined that these should not be the only criterion used for prioritization.

More information on the LESA system will be obtained and the prioritization methods used by other states will continue to be discussed. Common factors and goals need to be summarized and a determination will be made whether these can be used for a statewide prioritization method of the Maryland Agricultural Land Preservation Easement Program.

Forest Mitigation

The Foundation's Board of Trustees have recently discussed the issue of forest mitigation on agricultural easement properties in an attempt to clarify and establish policy on whether this would be consistent with the Maryland Agricultural Land Preservation Foundation easement restrictions and potential use of the land.

Currently, the planting of trees on properties subject to an agricultural land preservation easement would be consistent and permitted according to the terms and conditions of the Foundation's deed of easement. However, the Foundation has made it clear that landowners must be able to manage the forest for potential timber harvest at some point in the future.

Some counties have required additional restrictions on the areas to be mitigated, which prevent certain activities, waives some of the landowner's rights and may in effect contradict the Foundation's deed of easement. State law sets forth certain guidelines and standards for counties and municipalities to follow and requires that they

adopt local forest conservation programs that are at least as stringent (or more stringent) than the State Program.

This, of course, may lead to conflicts and limited uses of the property. The Foundation is working with the agricultural community to adopt a policy, which will be reported in next year's Annual Report. In the interim, the deed of easement will be amended to further clarify that the landowner will not be allowed to put any additional restrictions on the property, such as conservation easement, unless the Foundation has had a chance to review it, requiring too, that they become a signatory to any such easement.

PROPOSAL REQUEST FOR FEDERAL FUNDS

Recognizing the great loss of farmland to urban sprawl and the lack of financially competitive options for retaining the land in agricultural production, H. R. 2429, the "Farms for the Future Act Amendments of 1995", was created and passed legislatively to assist state and local programs in their farmland protection efforts. The bill provides for matching grants to states with qualifying farmland protection programs to protect prime, unique, and other farmland of agricultural, economic or environmental importance.

The bill amended the Farms for the Future Act of 1990 to provide agricultural producers, in cooperation with States and local governments, financially competitive options for maintaining farmland in agricultural production.

Prime, unique, and other farmland that has strategic importance because of its exceptional agricultural, economic, or environmental contribution to society is being converted to nonagricultural uses because agricultural producers and other owners of such land lack financially competitive options for retaining it in agricultural production.

States and local governments have been able to provide limited incentives to landowners to maintain prime, unique, and other strategic farmland in agricultural production. Federal assistance is needed to achieve the national interest in protecting prime, unique and other strategic farmlands.

The new farmland protection program in the 1996 Farm Bill was approved by the Senate and House Agricultural Committee and was signed by the President. As a result, USDA will give 14.5 million to 18 states that operate a preservation program and commit their own funds in order to help keep productive farmland in use.

The \$14.5 million from USDA's new Farmland Protection Program will be leveraged with state and local funds so that approximately \$55 million will be available to protect the nation's best farmland. Total funding for the Farmland Protection Programs, established in the 1996 Farm Bill, is \$35 million, which will be spread over six years.

Following the adoption of the 1996 Farm Bill, USDA asked for proposals from states, tribes, and local governments, where this program could be used in existing state and local programs to help acquire conservation easements or other interests in land with prime, unique, or other productive soil to limit nonagricultural uses of that land.

Under this program, USDA enters into agreements with states, tribes and local governments to support their efforts to protect farmland through the purchase of easements. USDA will provide up to 50 percent of the costs of purchasing these easements.

To participate, a program must have pending offers from landowners who agree to limit the use of their land for non agricultural purposes. In addition, properties must have a conservation plan; be large enough to sustain agricultural production; be accessible to markets for what the land produces and have adequate infrastructures and agricultural support services; and have surrounding parcels of land that can support long-term agricultural productions.

Further, there must be a financial commitment from the states, tribes and local governments to provide matching funds to the Federal grant awarded.

Proposals from the following states were selected: California, Colorado, Connecticut, Delaware, Florida, Kentucky, Maryland,

Massachusetts, Michigan, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Virginia, Vermont, Washington and Wisconsin.

Several local programs were also selected from various counties of different states.

The Maryland Agricultural Land Preservation Foundation, along with five counties (Anne Arundel, Calvert, Carroll, Harford and Frederick) submitted proposals to qualify to share in the \$35 million of federal funds made available for agricultural land preservation. Of that \$35 million, only \$15 million is being made available for the Federal fiscal year ending September 30, 1996. Although five counties in Maryland submitted their own proposals, the Maryland Agricultural Land Preservation Foundation submitted a proposal to NRCS to benefit all Maryland Counties.

Every county in Maryland would benefit from an increase in funding, which will be allocated through the normal funding allocations. The Maryland Agricultural Land Preservation Foundation felt that County support would enhance its proposal. The Counties that submitted a separate proposal had an independent easement program and/or supplemental program enhancements related to farmland protection.

The Maryland Agricultural Land Preservation Foundation submitted a request for \$10 million but received \$1 million, which was gladly accepted. The five Maryland County programs each received \$100,000.00. Collectively Maryland received 1/10th of the Federal Funds made available for farmland preservation - an accomplishment that we are all proud of. Congress has sent a strong message by all the States, Counties and Tribes that applied for funding. The preservation of agriculture is an important factor for most states and one that should not be taken lightly.

Currently, the Maryland Agricultural Land Preservation Foundation has 212 pending offers

for easement sale to permanently protect 29,156 acres of agricultural land and woodland which consists mostly of prime and productive soils. The total asking prices of these properties total more than \$50 million. All of these properties meet the criteria of the NRCS Farmland Protection Program. Federal monies would supplement the approximately \$11 million of State revenue to be generated this year for use by the Program. Maryland's program is unique and demonstrates a cooperative effort between State and local governments.

In an effort to target Federal funding to the "best" quality land being offered and being fair and equitable to all counties, the top four (4) properties in each county were identified by a prioritization method. As a result, 60 properties were identified and presented as the pool of the most desirable farms. The 60 properties represent 10,771 acres and reflect approximately \$20 million in total asking prices. These properties will be compared to the statewide ranking based on the landowner's willingness to discount his or her offer, below appraised easement value. Substitution of prioritized properties may be added to the priority pool of pending offers should they not be successfully competitive in the existing system. The discounting of offers further leverages Federal, State and local funds and allows more properties to be preserved.

Under the same concept, Maryland proposes to use Federal Funds on the prioritized properties not to exceed 40% of any offer made. Although the Federal Farmland Protection Program allows a Federal match of up to 50%, Federal Funds can be spread over more properties, which will help show the effectiveness of such a cooperative arrangement. The 1997 Annual Report will show statistics as to how many farms were purchased using Federal Funds when it is published next fall.

PROPOSED REGULATIONS AND POLICY

Appraisal Date of Valuation

This regulation will establish the appraisal date of valuation for all appraisals in any one offer cycle. This regulation will establish July 1, as the date of valuation for each easement acquisition program.

The Foundation receives easement applications throughout each fiscal year. The Foundation will hold all applications and they shall be considered officially received on the following July 1, which begins the next fiscal year, and the deadline for accepting applications. July 1, will be the date that all applications will be valued when appraised.

There is no guarantee of the property value if an appraisal is completed by an appraiser long before the July 1, deadline for application. The appraiser is making an assumption that all qualifying components of that appraisal will continue.

The Department of General Services tries to keep up to date at the county level, however, in the intervening months if something should happen at the county level to preclude development rights or substantially alter the value of a property, the appraised value can be adjusted accordingly.

Release Document - 2.00 acres surrounding an existing dwelling

Under current regulations, landowners are only allowed to exclude 1.00 acre surrounding a pre-existing dwelling.

The passage of HB 535 in the 1996 Legislative Session provides for the possibility of excluding up to 2.00 acres surrounding a pre-existing dwelling, under certain conditions.

This change modifies current law so that the size of the exclusions are consistent with the size permitted for owner's lots and children's lots for newly constructed homes intended for their personal use.

The new law, effective October 1, 1996 will allow a landowner to exclude up to 2.00 acres if (1) the Department of Environment requires the lot to be larger than 1.00 acre, (2) the property is located within 2,500 feet of normal water level of an existing or proposed water supply reservoir, or (3) the regulations adopted by the jurisdiction in which the land is located requires that a lot for a dwelling house be larger than 1.00 acre. Landowners would be required to pay back any money received from the sale of an easement prorated on a per acre basis above the initial 1.00 acre to be released.

Forest Conservation Mitigation on Agricultural Easements

During FY '96, the Foundation's Board of Trustees discussed the issue of forest conservation mitigation on agricultural easements.

Currently, the planting of trees on properties subject to an agricultural land preservation easement would be consistent and permitted according to the terms and conditions of the Foundation's deed of easement. However, the Foundation has made it clear that landowners must be able to manage the forest for potential timber harvest at some point in the future.

The Foundation's Board of Trustees is presently reviewing proposed policy, which has been sent out for comment to local agricultural preservation advisory boards, the Maryland Grange, and the Maryland Agricultural Commission to solicit their comments.

Agricultural Value Determinations

During FY '96, the Foundation's Board of Trustees, as a follow up to recent discussions and recommendations in prior Policy Review Committee meetings, voted to modify the current methodology used in determining the agricultural value of properties submitted for easement sale.

The agricultural value of each property submitted for easement sale in FY '97 will be determined by using either (1) resulting value determined by the calculations in the Agricultural Value OR (2) the resulting value determined by capitalizing the five-year average rent of the county where the property is located.

1996 LEGISLATION

- ***House Bill 598 - Economic Growth, Resource Protection, and Planning - Local Jurisdiction Rating Systems (Did Not Pass)***

This bill established an "interagency economic growth, resource protection, and planning policy committee," which included the Secretary of Agriculture, in which a growth management incentive fund is created with "monies set aside from existing infrastructure funding capital, and land acquisition programs". However, the bill was not clear as to what land acquisition programs the sponsors are referring to. If it had been funded, the funding source would have included the MALPF, resulting in reduced resources for the purchase of agricultural land preservation easements.

- ***House Bill 246 - State Transfer Tax-Exemption-Owner Occupied Real Property (Did Not Pass)***

This bill provided for a \$30,000 exemption to certain funds currently subjected to a State Transfer Tax. The bill would have directly affected the Maryland Agricultural Land Preservation Foundation by reducing the amount of State Transfer Tax funds that would normally be allocated to the Program for purchasing easements on prime and productive farmland.

- ***House Bill 1232 - Program Open Space (Passed)***

The purpose of this bill was to reduce the fund allocation of the Program from collected State Transfer Tax revenues, which will result in an estimated loss of \$1 million of additional revenue in FY '97. The bill will have a direct effect on the funding of the Foundation and its ability to purchase agricultural land preservation easements on quality farmland.

- ***Senate Bill 663 - Recordation and Transfer Taxes - Estate Planning (Referred to Interim Study)***

The purpose of this bill was to exempt from the recordation tax and State and county transfer taxes certain instruments of writing transferring property for estate planning purposes; imposing the recordation tax and State and county transfer taxes on the transfer of an interest; requiring the payment of a filing fee; prohibiting certain entities from conveying or accepting any interest in real property or maintaining a suit in a court of the State until certain filings are made; and generally relating to the taxation under the recordation tax and State and County transfer taxes of certain transfers for estate planning purposes and the transfer of interests in certain estate planning. This bill was referred to interim study.

- *House Bill 535 - Easements -Exclusions (Passed)*

The purpose of this bill provided for the possibility of excluding more than 1.0 acre under certain conditions, which surrounds a pre-existing dwelling. A landowner may now exclude up to 2.0 acres surrounding a pre-existing dwelling if additional acreage beyond 1.0 acre is required by the Department of Environment or the parcel is located within 2,500 feet of normal water level of an existing or proposed water supply reservoir, or the regulations adopted by the jurisdiction in which the land is located requires that a lot for a dwelling house be larger than 1.0 acre. Landowners would be required to pay back any money received from the sale of an easement prorated on a per acre basis above the initial 1.0 acre to be released.

- *Senate Bill 393 - Agland Preservation - Easements Held by Agricultural Land Preservation Programs (Did not Pass)*

The purpose of this bill would have provided for the reimbursement of County funds to a local agricultural land preservation program, if property subject to preservation easements is condemned. This bill does not alter the conditions of reimbursement to the State if the property being condemned is protected by a State easement.

CERTIFICATION OF COUNTY AGRICULTURAL LAND PRESERVATION PROGRAMS

The Certification of Local Agricultural Land Preservation Programs was created by the General Assembly in 1990 and is jointly administered by the Maryland Agricultural Land Preservation Foundation (MALPF) and the Maryland Office of Planning. Participation in the program by interested counties is completely voluntary. Counties that have an effective agricultural land preservation program and wish to be certified must apply to both MALPF and the Maryland Office of Planning for certification.

The Certification Program allows counties to retain greater portions of the agriculture transfer tax if they are able to demonstrate that they have an effective program to preserve agriculturally viable farmland.

Non-certified counties keep one-third of the Agriculture Transfer Tax they collect; these funds are to be used for agricultural land preservation purposes. Certified counties are allowed to keep 75% of the Agricultural Land Transfer Tax revenue. The increase in a county's share of Agriculture Transfer Tax helps counties to support an agricultural land preservation program.

Certification allows counties to create a preservation program that best meets local goals and local needs. In combination with easement purchases, counties use other preservation tools such as agricultural zoning, transfer of development rights, right-to-farm policies, and the establishment of agriculture as the best use of land. Other important aspects of local programs include defined areas for preservation and established acreage goals.

Currently, eleven (11) counties have been certified as having an effective program of their own and appear likely to be successful in supporting viable agricultural operations and

preserving agricultural land in perpetuity. A brief summary of the major components and incentives used in Counties follows:

Anne Arundel County

- Established a local agricultural land preservation program for agricultural and woodland district properties.
- Established a local Purchase of Development Rights (PDR) program, which enables the county to purchase easements independently from the State program.
- Consistently participates in the State/County Matching Funds Program of MALPF.
- Established a "Bonus" County Funding Program to provide cash payments to supplement State easement offers in certain instances.
- Offers Property Tax Credits to landowners agreeing to remain in State or County district status for at least 10 years or more, and to those landowners who sell an agricultural land preservation easement.

Currently Anne Arundel County has 82 State districts, totaling 7,995 acres; 28 State easements, totaling 3,275 acres; 29 County districts, totaling 1,395 acres and 24 County easements, totaling 1,682 acres.

Baltimore County

- Established a local Purchase of Development Rights (PDR) program, which enables the county to purchase easements independently from the State Program.
- Consistently participates in the State/County Matching Funds Program of MALPF.
- Offers 100% Property Tax Credit to landowners in a State Agricultural Land Preservation District, but the tax credit does

not apply to any improvements on the land nor does it apply to properties on which easements have been sold.

- The County has provided supplemental payments to State easement purchases.

Currently, Baltimore County has 259 State districts, totaling 23,128 acres and 108 State easements, totaling 11,768 acres.

Calvert County

- Established a local Transfer of Development Rights (TDR) program and acts as a facilitator or broker for managing and conveying development rights to and from developers and private citizens.
- Established a local Purchase of Development Rights (PDR) program, which enables the county to purchase easements independently from the State program.
- Offers 100% Property Tax Credit to landowners on undeveloped land in Agricultural Preservation Districts.
- Participates in State/County Matching Funds Program of MALPF.

Currently, Calvert County has 47 State districts, totaling 6,049 acres and 24 State easements, totaling 3,455 acres. Calvert County has 12,136 acres in County districts and 7,630 acres under permanent easement, through their TDR program or the State easement acquisition program.

Carroll County

- Established a Critical Farms Program, which guarantees a minimum easement value for farms that are being transferred from one owner to another. The County will pay landowners or contract purchasers 75% of the appraised value if the property qualifies for MALPF, but will require them to apply to sell an easement to MALPF during the next five years. If the new landowner or landowner does

not receive an offer from the Maryland Agricultural Land Preservation Foundation, the County will exercise their option to purchase an easement and settle on a local easement sale at the agreed upon value OR the County may allow the landowner to terminate their agreement whereby the landowners reimburse the County for monies paid with interest.

- Consistently participates in the State/County Matching Funds Program of MALPF.
- The County has provided supplemental payments to State Easement purchases.

Currently, Carroll County has 342 State districts, totaling 42,012 acres and 184 State easements, totaling 24,069 acres. During FY '96, the County enrolled three new farms in the County's Critical Farms Program, totaling 305 acres. To date, there are six farms covered under County options with a net acreage of 576 acres.

Charles County

During FY '97 Charles County was certified as having a newly created agricultural land preservation program and was certified for a period of two years.

- Established a local Transfer of Development Rights (TDR) Program.
- Established a local Purchase of Development Rights (PDR) Program.
- Developed a provision which allows supplemental payments to landowners whose properties will be protected by the State preservation easement.
- Proposing an Agricultural Land Preservation Easement Rental Program.
- Proposing the creation of a local Agricultural Land Preservation District Program.
- Participates in State/County Matching Funds Program of MALPF.
- Offers 100% tax credit for all landowners in Charles County, includes agricultural land and buildings, excludes all personal structures.

Currently, Charles County has 53 State districts, totaling 8,476 acres and two State easements totaling 322 acres.

Frederick County

- Established a local Purchase of Development Rights (PDR) program, which enables the county to purchase easements independently from the State program, according to available funding.
- Established a Critical Farms purchase program, whereby the county purchases options to acquire easements on farms, which are being transferred (within six months). The option price is 75% of appraised easement value and properties must meet all MALPF requirements.
- Established an Easement incentive bonus program which adds 10 to 20% of the State's approved easement offer to encourage farms of medium and high priority to sell an easement, when appropriate.
- Consistently participates in the State/County Matching Funds Program of MALPF.
- The County has provided supplemental payments on State Easement purchases.

Currently, Frederick County has 121 State districts, totaling 19,083 acres; 54 State easements, totaling 9,421 acres; 3 County easements, totaling 354 acres and four properties in the Critical Farms program totaling 413 acres.

Harford County

- Established a local Purchase of Development Rights Program (PDR), which enables the county to purchase easements independently from the State Program.
- Local Easement Purchases provide for a 20 Year Installment Purchase Agreement for Harford County Agricultural Land Preservation Program easements. Payment is made on an annual basis and includes a small portion of the principal. The interest paid to the landowner

in the Installment Purchase Agreement has been recognized by the IRS as non taxable income.

- Offers up to a 50% Property Tax Credit on properties that become an agricultural land preservation district with the Maryland Agricultural Land Preservation Foundation or the Harford County Agricultural Land Preservation Program. This tax credit includes the land and improvements except for residential housing.
- Offers up to a 100% Property Tax Credit, which includes the land and all improvements including residential housing for landowners who sell an agricultural land preservation easement to the MALPF or the Harford County Agricultural Land Preservation Program.
- Consistently participates in the State/County Matching Funds Program of MALPF.

Currently, Harford County has 194 State districts, totaling 21,515 acres and 74 State easements, totaling 8,173 acres. Harford County also has 1,036 acres in County districts and 7,655 acres in County easements.

Howard County

- Established a local Purchase of Development Rights program (PDR), which enables the County to purchase easements independently from the State program.
- In the County Program, payment is made with an installment purchase agreement where the holder receives a balloon principal payment at the end of thirty years, thereby deferring capital gains liability. During that time, yearly interest is paid to the holder of the installment purchase agreement on the principal amount. This interest is exempt from federal, state and local income taxes.
- Offers property tax credit to landowners who sell an agricultural land preservation easement to the State or County.

Currently, Howard County has 49 State districts, totaling 6,282 acres; 27 State easements, totaling 3,956 acres and 12,329 acres in County easements.

Montgomery County

- In 1989, the County established a local Purchase of Development Rights Program, which enables the county to purchase easements independently from the State Program.
- Participates in the State/County Matching Funds Program of MALPF.
- In 1980 the County established a local Transfer of Development Rights (TDR) program.

Currently, Montgomery County has 17 State districts, totaling 2,912 acres and 10 State easements, totaling 1,805 acres. Montgomery County has 47 farms under permanent easement, totaling 5,383 acres.

St. Mary's County

During FY '96 St. Mary's County was certified as having a newly created agricultural land preservation program and was certified for a period of two years.

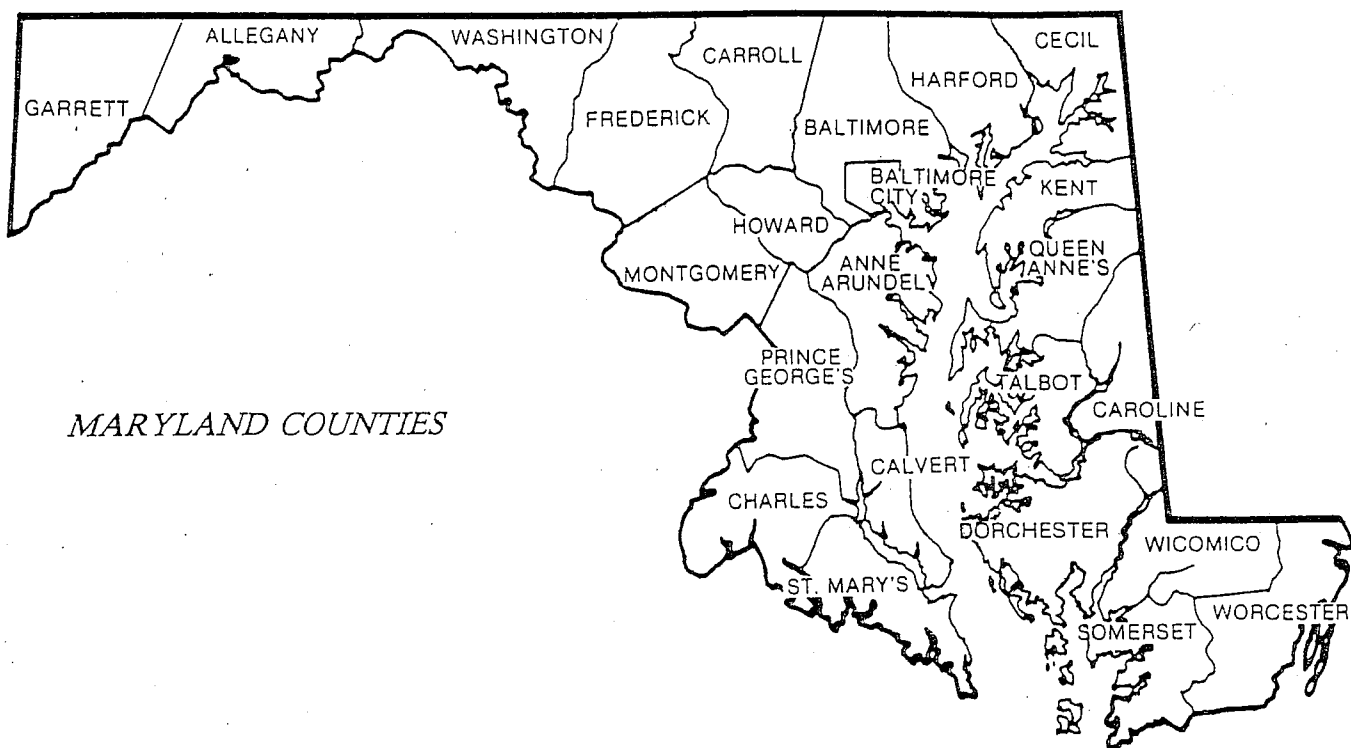
- Established a local Purchase of Development Rights (PDR) Program, which enables the county to purchase easements independently from the State Program.
- Participates in the State/County Matching Funds Program of MALPF.
- Established a local Transfer of Development Rights (TDR) Program.
- Has the ability to issue "Farm Bonds" to assist in the financing of the program and to allow for supplemental payments to landowners who sell an easement through the State program.
- Provides assurance of continued of agricultural assessment on the land and/or exemption from county tax on agricultural land.

Currently, St. Mary's County has 27 State districts, totaling 4,229 acres and 13 State easements, totaling 1,921 acres.

Washington County

- Established a local Purchase of Development Rights Program (PDR), which enables the county to purchase easements independently from the State program.
- Consistently participates in the State/County Matching Funds Program of MALPF.
- Offers Tax Credits to landowners who agree to place their property in a State Agricultural Land Preservation District for a minimum of ten years. The landowner is exempt from County property tax on his land and/or farm buildings - 50% while in district status and 100% for those properties that have settled on the sale of a preservation easement.
- Provides supplemental payments on some State Easement purchases, but only when State funds were insufficient to make a reasonable offer.

Currently, Washington County has 164 State districts, totaling 22,772 acres and 21 State Easements totaling 4,591 acres. Washington County has purchased one easement property through their local program totaling 124.7 acres.



MARYLAND COUNTIES

ACREAGE ADJUSTMENTS

The table on the opposite page shows acreage reductions in district and easement properties recorded from July 1, 1995 through June 30, 1996. The table is comprised of five (5) factors that would result in an adjustment of the Program's acreage base and include approved and recorded lot exclusions for owners or children, exclusions by a county for public benefit, early termination due to severe economic hardship, district terminations and acreage adjustments from deeds.

During FY '96, a total of 13.20 acres were released from district restrictions and a total of 23.2490 acres were released from easement restrictions for the purpose of constructing dwelling houses intended for the use of the landowners and/or their children. These lot exclusions vary in size between 1.00 to 2.00 acres.

Since the program began, a total of 194.4350 easement acres have been excluded for building lots, but not all have had houses built on them yet.

The landowner is required to pay back the per acre value of the easement originally paid to them when new lots are created on lands where the Foundation has purchased agricultural land preservation easements. This requirement has been in effect since 1982. No pay back is involved for lots excluded from the program while the property is in district status. In FY '96, the total payback amount for lot exclusions in easement properties equaled \$15,691.08. To date, the cumulative total payback amount for lot exclusions, since 1982 is \$113,246.52.

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 exclusions of these dwellings would not require a payback.

The Foundation may receive requests from county governments to exclude land from district or easement restrictions for the purpose of public benefit. Some examples may include road improvements or the taking of land for the construction of bridges or culverts. There were no acres excluded for public benefit during FY '96. 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. Sixteen (16) districts were terminated during FY '96 after meeting the minimum five (5) year commitment along with a few partial terminations. Together, 2,387 acres were deducted from the program's acreage base during FY '96.

Since the program began, a total of 180 districts covering 29,380 acres have been terminated but it is important to note that some of these properties have reentered 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 '96, there was a net decrease of 43.7128 acres due to adjustments from deeds. The total net loss from such adjustments to date, since the program first began, totals 612.9928 acres.

The total acreage reductions from all sources recorded between July 1, 1995 and June 30, 1996, total 2,467.4621 acres.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
ACREAGE REDUCTIONS IN DISTRICTS OR EASEMENT PROPERTIES

RECORDED FROM JULY 1, 1995 TO JUNE 30, 1996
 (*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 ECONOMIC HARSHSHIP		DISTRICT TERMINATION AFTER 5 YEARS		ACREAGE ADJUSTMENTS FROM DEEDS	TOTALS
	Easement Acreage	Payback Amount	District Acreage	Dist/Ease Acreage	Payback Amount	Number	Acreage	Number	Acreage		
ALLEGANY											
ANNE ARUNDEL	-4.0000	N/A	-1.0000								-5.0000
BALTIMORE			-1.2000					-3	-403.1754	-1.2460	-405.6214
CALVERT	-1.0000	\$1,500.00						-1	-253.0000		-254.0000
CAROLINE	-1.0000	700.00						-2	-323.2715	-0.8500	-325.1215
CARROLL	-4.0000	3,992.99	-2.0000					-1	-236.1142	-1.6500	-243.7642
CECIL			-1.0000							+3.3600	+2.3600
CHARLES											
DORCHESTER											
FREDERICK	-1.0000	1,600.00						-2	-262.1880	+2.1204	-261.0676
GARRETT			-2.0000								-2.0000
HARFORD			-3.0000								
HOWARD											
KENT	-6.0000	1,883.16	-1.0000					-1	-120.0000	-12.8200	-139.8200
MONTGOMERY											
PRINCE GEORGE'S											
QUEEN ANNE'S	-5.2500	6,014.93						-4	-572.5452	-35.6810	-613.4762
ST. MARY'S								-1	-79.6200		-79.6200
SOMERSET											
TALBOT	-0.9999	N/A						-1	-137.3860	-5.8262	-144.2112
WASHINGTON			-2.0000							-3.3100	-5.3100
WICOMICO										+0.8140	+0.8140
WORCESTER										+27.8900	+27.8900
TOTAL	-23.2490	\$15,691.08	-13.2000					-16	-2,387.3003	-43.7128	-2,467.4621

FY '96 DISTRICT PARTICIPATION

In FY '96 the Foundation approved the establishment of 83 new agricultural land preservation districts protecting 10,932.2397 acres.

There were 16 district terminations totaling 2,387 acres during FY '96. Routine termination of districts has been a potential factor only since FY '84 when the first districts in the program had been in district status for at least five years. Between the years 1988 - 1992, total terminations ranged from 15 - 29 per year. Since then its been between 11 - 17 per year. During FY '91 and '92, the Foundation was unable to purchase any easements due to financial constraints. This may have been a contributing factor to landowners terminating their district after their five year commitment was up during those years.

Acreage adjustments from deeds resulted in a decrease of 43.7128 acres in the program's acreage base on properties pending easement sale after verifying acreage within the district.

After adding the acreage of newly established districts to last year's total acreage base (277,693 acres) and then subtracting the total acreage adjustments from full and partial terminations, district lot exclusions and acreage adjustments from deeds during FY '96 (2,467.4621 acres), the adjusted total acreage base of recorded and approved district properties as of June 30, 1995 was 286,180.6911 acres, covering 2,134 individual district properties.

During FY '96, Baltimore County enrolled the most district acreage in the Program with eighteen (18) new agricultural districts being established covering 1,747 additional acres. This represents a County increase of 8% over the past year. Dorchester County added 1,521 acres to the

program during FY '96 - over 11 different properties. This reflects an outstanding 28% increase in participation for the county. Other counties that added at least 1,000 acres during the year included Frederick (1,459 acres), Kent (1,253 acres) and Talbot (1,332 acres).

The largest distribution of district acreage is located in Central Maryland (Carroll, Baltimore, Harford, Montgomery and Howard Counties). The total acres enrolled from this area is 95,850 district acres, or 33.5% of all district acres statewide. The next largest area of distribution is the Upper Eastern Shore (Queen Anne's, Talbot, Cecil, Kent, and Caroline Counties), which represents 92,197 acres or 32.2% of the total district acreage base. In the Southern Region (Anne Arundel, St. Mary's, Calvert, Charles and Prince George's) there is a total of 27,523 acres enrolled in the program, which represents 9.6% of the total district acreage base. The Lower Shore (Dorchester, Wicomico, Worcester and Somerset) has a total of 22,908 acres or 8% of the total district acreage base. While, the Western Region (Garrett, Allegany, Washington and Frederick) has a total of 47,703 acres or 16.7%.

Several counties had significant increases in total acres entering the program, which slightly altered the previous percentage totals listed in last year's annual report. (See District Participation Chart on Page 25).

The Maryland Agricultural Land Preservation Foundation Program is compelled to maintain its success in preserving quality farmland but relies on the continued coordination and cooperation of local governments and the willingness of landowners.

**MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
FY '96 DISTRICT PARTICIPATION**

COUNTY	Recorded Districts As Of June 30, 1995		Approved During FY '96		District Terminations *includes partial terminations		Acreage Adjustments		Total Recorded and Approved Districts As Of June 30, 1996		Percent- age Of Total
	No. of Districts	District Acreage	No. of Districts	District Acreage	No. of Districts	District Acreage	District Lot Exclusion Acreage	Acreage Adjustments From Deeds	No. of Districts	District Acreage	
ALLEGANY	3	335,1980							3	335,1980	0.1%
ANNE ARUNDEL	82	7,995,7634					-1,0000		82	7,994,7634	2.8%
BALTIMORE	244	21,786,4903	18	1,747,3620	-3	-403,1754	-1,2000	-1,2460	259	23,128,2309	8.1%
CALVERT	48	6,301,6492			-1	-253,0000			47	6,048,6492	2.1%
CAROLINE	250	34,074,4146	2	312,8900	-2	-323,2715		-0,8500	250	34,063,1831	11.9%
CARROLL	340	41,943,6573	3	307,9511	-1	-236,1142	-2,0000	-1,6500	342	42,011,8442	14.7%
CECIL	80	12,491,1599	4	936,1200			-1,0000	+3,3600	84	13,429,6399	4.6%
CHARLES	48	7,757,1830	5	719,1400					53	8,476,3230	2.9%
DORCHESTER	31	5,249,7590	11	1,521,3700					42	6,771,1290	2.4%
FREDERICK	111	17,884,0561	12	1,458,6356	-2	-262,1880		+2,1204	121	19,082,6241	6.7%
GARRETT	36	5,421,2658	1	112,2900			-2,0000		37	5,531,5558	2.0%
HARFORD	193	21,513,7914	1	21,2100			-3,0000	-16,5140	194	21,515,4874	7.9%
HOWARD	49	6,281,8034							49	6,281,8034	2.1%
KENT	53	10,140,9672	7	1,252,7090	-1	-120,0000	-1,0000	-12,8200	59	11,259,8562	3.9%
MONTGOMERY	17	2,911,5380							17	2,911,5380	1.1%
PRINCE GEORGE'S	0	0							0	0	0
QUEEN ANNE'S	132	23,719,8856	3	430,1560	-4	-572,5452		-35,6810	131	23,541,8154	8.2%
ST. MARY'S	26	3,918,2813	2	390,8000	-1	-79,6200			27	4,229,4613	1.5%
SOMERSET	30	4,462,1050							30	4,462,1050	1.6%
TALBOT	54	9,460,8070	12	1,331,7960	-1	-137,3860		-5,8262	65	10,649,3908	3.7%
WASHINGTON	162	22,387,2340	2	389,8100			-2,0000	-3,3100	164	22,771,7340	8.0%
WICOMICO	55	7,987,8505						+0,8140	55	7,988,6645	2.8%
WORCESTER	23	3,667,8045						+27,8900	23	3,695,6945	1.3%
TOTAL	2,067	277,692,6645	83	10,932,2397	-16	-2,387,3003	-13,2000	-43,7128	2,134	286,180,6911	100%

* Indicates partial termination of District Acreage

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

REGIONS	FY '93	FY '94	FY '95	FY '96
WESTERN:				
Garrett				
Alleghany	17.4%	17.0%	16.6%	16.7%
Washington	44,467 acres	44,639 acres	46,012 acres	47,703 acres
Frederick				
CENTRAL:				
Carroll				
Baltimore	35.7%	35.3%	34.0%	33.5%
Harford	91,135 acres	93,199 acres	94,419 acres	95,850 acres
Montgomery				
Howard				
SOUTHERN:				
Anne Arundel				
St. Mary's	8.9%	9.6%	9.4%	9.6%
Calvert	22,693 acres	25,502 acres	25,980 acres	27,523 acres
Charles				
Prince George's				
UPPER SHORE:				
Queen Anne's				
Talbot	31.5%	31.3%	32.0%	32.2%
Cecil	80,207 acres	82,714 acres	89,895 acres	92,197 acres
Kent				
Caroline				
LOWER SHORE:				
Dorchester				
Wicomico	6.5%	6.8%	8.0%	8.0%
Worcester	16,569 acres	17,932 acres	21,387 acres	22,908 acres
Somerset				
TOTAL ACREAGE	255,071 acres	263,986 acres	277,693 acres	286,181 acres

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

REGION	FY '94	FY '95*	FY '95**	FY '96
WESTERN:				
Garrett				
Alleghany	13.6%	14.9%	14.0%	14.0%
Washington	15,551 acres	16,485 acres	16,973 acres	17,495 acres
Frederick				
CENTRAL:				
Carroll				
Baltimore	39.5%	39.5%	39.1%	38.9%
Harford	44,906 acres	46,387 acres	47,545 acres	49,770 acres
Montgomery				
Howard				
SOUTHERN:				
Anne Arundel				
St. Mary's	7.5%	7.0%	7.1%	7.0%
Calvert	8,466 acres	8,465 acres	8,676 acres	8,973 acres
Charles				
Prince George's				
UPPER SHORE:				
Queen Anne's				
Talbot	33.7%	33.5%	33.8%	33.4%
Cecil	38,243 acres	39,276 acres	41,020 acres	43,160 acres
Kent				
Caroline				
LOWER SHORE:				
Dorchester				
Wicomico	5.7%	6.0%	6.0%	6.7%
Worcester	6,461 acres	6,704 acres	7,264 acres	8,633 acres
Somerset				
TOTAL ACREAGE	113,617 acres	117,318 acres	121,478 acres	128,031 acres

* Cycle One FY '95 Information Only

** Cycle Two FY '95 Information Only

EASEMENT ACQUISITION PROGRAM

FY '95 Cycle Two Easement Acquisition

Average values of all accepted offers during Cycle Two of FY '95 are analyzed in the facing table by county and for the entire State. After settlement, a total of 4,161 acres will be placed under perpetual easement. The values listed in the table reflect average asking prices and average appraised values of properties within each county during Cycle Two of FY '95. They pertain exclusively to those properties on which easement offers were accepted and should not be considered as representative values of all farmland in any one county.

The average farm size of the 25 properties on which an easement offer was made by the Foundation and accepted by the landowner during FY '95 Cycle Two is 166 acres. The average asking price was \$1,618 per acre while the average easement value was \$2,184 per acre.

The FY '95 Cycle Two average acquisition cost was \$1,331 per acre. The acceptance of 25 out of 34 easement offers made during this cycle shows a total acquisition cost of \$5,539,661 of which \$4,009,335 or 72% were State Funds and \$1,530,326 or 28% were County Matching Funds plus any additional funds committed by the counties.

During FY '95 Cycle Two 25 out of 34 easement offers were accepted, representing an acceptance rate of 74%

A total savings of \$3,668,800 in FY '95 Cycle Two was 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 an easement offer.

Using the \$1,331 average acquisition cost per acre as a unit of measure for FY '95 Cycle Two, the Foundation was able to purchase an additional 2,756 acres. This competitive bidding component, more than any other, allows the Maryland program to be one of the most effective programs in the country.

In some instances, offers were made based on remaining funds that were insufficient to equal the landowner's asking price or the appraised easement value. Such offers are called Insufficient Funds Offers, but represent the most the Foundation can offer at the time. If accepted, the Foundation will purchase the easement quite possibly at a significant discount. If rejected, the applications will still be considered in Round Two and will be re-ranked with all statewide applications.

During FY '95 Cycle Two, the Foundation made five insufficient funds offers, all of which were accepted, representing a discount of \$282,239.14!

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
FY '95 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	1	211.0000	211	3,600	4,500	571	3,929	3,229	681,401	74,600
BALTIMORE	2	172.6800	86	3,875	5,600	835	4,764	3,793	655,040	148,522
CALVERT										
CAROLINE	1	117.5000	118	750	1,622	713	909	744	87,375	18,5211
CARROLL	3	452.7175	151	1,351	2,736	796	1,940	1,447	655,017	246,211
CECIL	4	852.0100	213	900	3,392	748	2,644	897	764,109	1,566,725
CHARLES										
DORCHESTER										
FREDERICK	2	302.1500	151	1,950	2,959	889	2,070	1,542	465,945	424,243
GARRETT										
HARFORD	4	403.6790	101	1,944	3,389	507	2,882	1,760	710,500	459,518
HOWARD										
KENT	1	200.0000	200	1,000	3,015	1,084	1,931	995	199,000	
MONTGOMERY	1	128.0000	128	4,990	5,000	1,103	3,897	3,867	494,936	
PRINCE GEORGE'S										
QUEEN ANNE'S	2	574.0260	287	750	2,487	883	1,605	629	361,275	564,902
ST. MARY'S										
SOMERSET	1	314.4700	314	1,750	1,876	1,553	323	293	92,195	9,006
TALBOT										
WASHINGTON	1	186.3200	186	1,500	2,800	801	1,999	1,148	213,976	156,552
WICOMICO	1	146.0000	146	2,000	1,248	701	547	543	79,296	
WORCESTER	1	100.0000	100	1,200	1,225	421	804	796	79,608	
TOTAL	25	4,160.5525	166	1,618	3,044	834	2,184	1,331	5,539,661	3,668,800

FY '96 Easement Acquisition

Average values of all accepted offers during FY '96 are analyzed in the facing table by county and for the entire State. For FY '96, after settlement, a total of 6,575 acres will be placed under perpetual easement. The values listed in the table reflect average asking prices and average appraised values of properties within each county during of FY '96. They pertain exclusively to those properties on which easement offers were accepted and should not be considered as representative values of all farmland in any one county.

The average farm size of the 50 properties approved for easement sale and accepted by the landowner during FY '96 is 132 acres, down from 166 acres in the previous cycle. The average asking price was \$1,697 per acre, which was fairly close to the asking prices of the prior cycle. The average easement value for FY '96 was \$2,205 per acre, which was also very close to last cycle's average.

The FY '96 average acquisition cost was \$1,537 per acre, which is 15.5% higher than the average acquisition cost during FY '95 Cycle Two. The acceptance of 50 out of 59 easement offers made during this cycle shows a total acquisition cost of \$10,109,481 of which \$6,995,389 or 69% were State Funds and \$3,114,091 or 31% were County Matching Funds plus any additional funds committed by the counties.

A total savings of \$4,041,142 in FY '96 was 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 an easement offer.

Using the \$1,537 average acquisition cost per acre as a unit of measure for FY '96, the Foundation was able to purchase an additional 2,629 acres due to the competitive bidding component of the program.

During FY '96, the Foundation made five insufficient funds offers, all of which were accepted, which provided a discount of \$436,149.22 to the Foundation. In some cases, the County added additional funds to help off-set the shortage of funds.

During FY '96, a total of 50 out of 59 easement offers were accepted, which will permanently protect 6,575 acres !

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
FY '96 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	2	178.7430	89	3,450	4,800	554	4,246	3,265	583,703	165,434
BALTIMORE	4	469.7340	117	4,125	5,175	623	4,552	4,049	1,901,871	292,148
CALVERT										
CAROLINE	2	295.8600	148	650	1,624	826	798	534	157,902	46,820
CARROLL	10	1,421.3562	142	1,782	3,110	666	2,444	1,817	2,583,212	848,125
CECIL	6	669.9660	112	1,533	4,517	705	3,812	1,437	962,774	1,238,069
CHARLES										
DORCHESIER	1	200.7500	201	745	1,594	808	786	745	149,559	8,235
FREDERICK	2	264.2380	132	2,081	3,250	750	2,499	2,049	541,371	117,526
GARRETT										
HARFORD	6	338.0353	56	2,396	3,518	865	2,654	2,426	820,014	75,284
HOWARD										
KENT	3	619.3960	206	1,067	3,036	1,126	1,909	938	580,884	594,262
MONTGOMERY										
PRINCE GEORGE'S										
QUEEN ANNE'S	2	350.2350	175	1,071	2,878	715	2,162	1,099	384,842	411,176
ST. MARY'S	1	122.8600	123	4,000	5,500	1,103	4,397	2,476	304,240	47,999
SOMERSET	1	259.0000	259	400	1,101	638	463	397	102,800	16,168
TALBOT	1	217.7600	218	1,400	2,204	659	1,546	1,061	231,019	105,577
WASHINGTON	2	258.4200	129	1,664	2,867	928	1,940	1,607	415,361	74,318
WICOMICO	4	463.0600	116	1,075	1,366	830	537	526	243,531	1.53
WORCESTER	3	446.0000	149	1,467	1,116	875	328	328	146,397	
TOTAL	50	6,575.4135	132	1,697	2,977	773	2,205	1,537	10,109,481	4,041,142

EASEMENT PARTICIPATION

FY '95 Cycle Two Easement Participation

The easement participation chart on the opposite page reflects the easements which were acquired during FY '95 Cycle Two and FY '96.

During FY '95, Cycle Two, the Foundation received accepted easement offers on 25 properties of the 34 offers made, protecting 4,161 acres.

In comparing individual county progress for FY '95 Cycle Two, Cecil County had the most acreage preserved, spread over four properties adding 852 acres to last year's grand total of 4,537 county acres permanently preserved acres.

Queen Anne's County has added the second largest acreage increase with 574 acres, preserving two (2) new properties.

Carroll County was the third county with the most newly preserved acreage, preserving three (3) new properties during FY '95 Cycle Two totaling 453 acres and still holds the title for the most acreage permanently preserved in the State.

The passage of House Bill 778, during the 1995 Legislative Session, eliminated the two cycle easement acquisition program and reinstated only one easement cycle per year. You will note that during Cycle Two of FY '95, the Foundation purchased 25 properties and in FY '96 50 properties were purchased. The Foundation hopes to purchase approximately 50-60 properties each year.

FY '96 Easement Participation

During FY '96, the Foundation received accepted easement offers on 50 out of 59 offers made, protecting 6,575 acres.

In comparing individual county progress for FY '96 Carroll County had the most acreage preserved, spread over 10 properties, adding 1,421 new acres! Carroll County committed an additional \$760,225 in County money, above and beyond their local matching fund commitment, which was used to help acquire easements in FY '96.

Cecil County has added the second largest number of acres at 670 acres with six (6) new properties.

Significant activity also occurred in Kent, Baltimore, Wicomico and Worcester Counties adding to their permanently preserved acreage base as a result of FY '96 Easement Acquisition Offers.

Although some of these increases during FY '95 Cycle Two and FY '96 are modest, it reflects a strong commitment to preserve farmland on behalf of the landowners, the counties and the State during tight financial times.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
EASEMENT PARTICIPATION

County	Easement Acquired Or w/ Contract Status As Of June 30, 1995		Easements Offered & Accepted FY '95 Cycle Two		Easements Offered & Accepted FY '96		Less Recorded Lot Exclusions from Easements		Total Easements Acquired Or w/ Contract Status As Of June 30, 1996		% Of Total
	Number	Acreage	Number	Acreage	Number	Acreage	Acreage	Number	Acreage		
Allegany	1	183.2920							1	183.2920	0.1%
Anne Arundel	25	2,889.6947	1	211.0000	2	178.7430	-4.0000		28	3,275.4377	2.5%
Baltimore	102	11,125.3644	2	172.6800	4	469.7340			108	11,767.7784	9.2%
Calvert	24	3,455.9193					-1.0000		24	3,454.9193	2.7%
Caroline	129	18,140.3439	1	117.5000	2	295.8600	-1.0000		132	18,552.7039	14.5%
Carroll	171	22,198.7541	3	452.7175	10	1,421.3562	-4.0000		184	24,068.8278	18.8%
Cecil	27	4,537.4579	4	852.0100	6	669.9660			37	6,059.4339	4.7%
Charles	2	321.7500							2	321.7500	0.3%
Dorchester	11	2,266.5820			1	200.7500			12	2,467.3320	1.9%
Frederick	50	8,855.1585	2	302.1500	2	264.2380	-1.0000		54	9,420.5465	7.4%
Garrett	21	3,299.0240							21	3,299.0240	2.6%
Harford	64	7,431.1465	4	403.6790	6	338.0353			74	8,172.8608	6.4%
Howard	27	3,955.7802							27	3,955.7802	3.1%
Kent	27	4,760.4692	1	200.0000	3	619.3960	-6.0000		31	5,573.8652	4.4%
Montgomery	9	1,677.2078	1	128.0000					10	1,805.2078	1.4%
Prince George's	0								0	0	0.0%
Queen Anne's	50	9,413.7210	2	574.0260	2	350.2350	-5.2500		54	10,332.7320	8.0%
St. Mary's	12	1,797.9610			1	122.8600			13	1,920.8210	1.5%
Somerset	10	1,496.8280	1	314.4700	1	259.0000			12	2,070.2980	1.6%
Talbot	9	2,422.8920			1	217.7600	-0.9999		10	2,639.6530	2.1%
Washington	18	4,145.8955	1	186.3300	2	258.4200			21	4,590.6350	3.6%
Wicomico	19	2,702.2880	1	146.0000	4	463.0600			24	3,311.3480	2.6%
Worcester	1	241.0000	1	100.0000	3	446.0000			5	787.0000	0.6%
Total	809	117,318.5300	25	4,160.5525	50	6,575.4135	-23.249		884	128,031.2480	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. Total dollar values and average cost per acre by year are based on easement acreage only. The average fair market, agricultural and easement values are based on the appraisals obtained by the State and used in making easement offers. However, these figures do not reflect adjustments for acreage as settled. Any adjustments made due to deeds and/or surveys are reflected in the acreage subtracted at the bottom of the chart shown on the opposite page. These adjustments reflect those that are reflected in the acreage reduction chart on page 23. 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 and other adjustments from deeds to date are shown at the bottom of the acquisition cost column.

Over the past 18 years, a total of 884 applicants of the 1,363 easement applicants have accepted easement offers made by the Foundation representing a 65% acceptance rate. The land contained on the 884 farms that have accepted the Foundation's easement offer total 128,031 acres. This adjusted figure takes into consideration a total reduction of 23,249 acres from lot exclusions in FY '96. Historically, the average farm size continues to be 145 acres. However, the average farm size ranged from 114 acres in FY '93 Cycle One to 169 acres in Cycle Two of FY '93.

The historic average asking price of landowners is \$1,311 per acre. Historically, as indicated on the chart on the opposite page, since 1977, the average easement value has been \$1,396 per acre. However, the average historic acquisition cost increased \$34 to \$1,100 per acre from last year's historic average of \$1,066 per acre. In 1994 and

1995, the average historic acquisition cost has increased. This may be due to landowner's slightly higher asking prices over the last few years. Landowners may discount their asking price as a form of a competitive bid to improve their ranking and perhaps to obtain 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 if it is less than the appraised easement value. Over the years, due to competitive bidding and the discounted values, the Foundation has been able to purchase easements at a discount with a savings of \$36,474,336. In theory, this allowed the State to purchase 23,033.50 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 acres	ASKING PRICE THAT ACCEPTED AVG. PER ACRE TOTAL AMT.	APPRAISED VALUES			ACQUISITION COST AVG. PER ACRE TOTAL AMT.	DISCOUNT VALUE ADDL ACRES TOTAL AMT.
					FAIR MARKET AVG. PER ACRE TOTAL AMT.	AGRICULTURAL AVG. PER ACRE TOTAL AMT.	EASEMENT AVG. PER ACRE TOTAL AMT.		
1977 to 1991	67 of 1117 61%	98,619.0680	acres	\$1185/acre \$116,842,664	\$2478/acre \$244,329,375	\$1373/acre \$135,396,466	\$1105/acre \$108,933,634	\$986/acre \$97,268,157	9,783.28 acres \$11,241,449
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	\$3083/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	\$2014/acre \$9,966,619	\$1,269/acre \$6,281,425	780.34 acres \$3,860,789
1994 Cycle One	22 of 26 85%	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 acres \$3,627,095
1994 Cycle Two	27 of 28 96%	3,719.6465	137 acres	\$1840/acre \$6,847,498	\$3459/acre \$12,865,700	\$776/acre \$2,887,787	\$2682/acre \$9,977,913	\$1,428/acre \$5,313,523	3,096.70 acres 4,422,093
1995 Cycle One	24 of 32 75%	3,708.2060	155 acres	\$1650/acre \$6,119,937	\$3,037/acre \$11,260,350	\$745/acre \$2,760,910	\$2292/acre \$8,499,429	\$1,443/acre 5,352,330	2,022.33 acres 2,918,222
1995 Cycle Two	25 of 34 74%	4,160.5525	166 acres	\$1618/acre \$6,732,335	\$3,043/acre \$12,662,825	\$834/acre \$3,470,611	\$2,184/acre 9,087,226	\$1,331/acre 5,539,661	2,756.00 acres 3,668,800
1996	50 of 59 85%	6,575.4135	132 acres	\$1697/acre \$11,156,156	\$2,977/acre \$19,577,300	\$773/acre \$5,081,222	\$2,205/acre 14,496,078	\$1,537/acre \$10,109,481	2,629.00 acres 4,041,142
TOTAL	884 of 1,363 65%	128,225.6820 LESS: 194,435 128,031.2480	145 acres	\$1,311/acre \$167,844,046	\$2,589/acre \$331,473,881	\$1,223/acre \$156,640,641	\$1,396/acre \$178,745,490	\$1,407,748,040 11,000/acre LESS: 110,350 \$140,637,690	23,033.50 acres 36,474,336

PRESERVATION VERSUS CONVERSION

The graph and table on the opposite page reflect a comparison of preservation versus conversion and covers the period between 1988 and 1996. 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 25 new easement offers made and accepted in Cycle Two of FY '95 and 50 in FY '96. This represents an increase of 4,161 acres preserved in FY '95 Cycle Two and 6,575 acres in FY '96.

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 38% of the farmland lost during the past ten years. The amount of farmland being converted to other uses slowed drastically in the late 80's and early 90's. However, since 1992 the trend is increasing again.

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 years is greater than that shown on the chart.

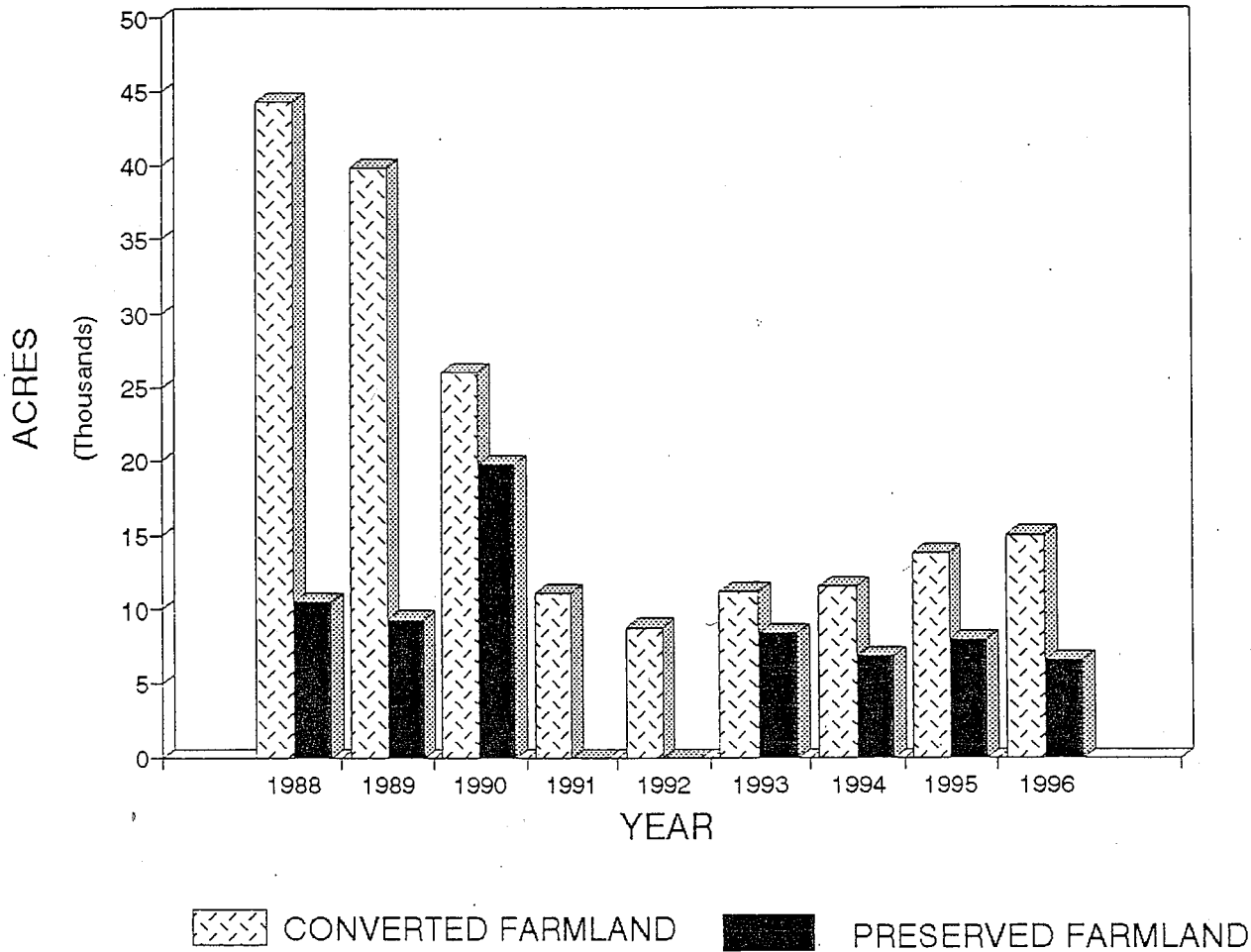
The Foundation is proud of its past accomplishments. However, in spite of being the most successful program of its kind in the country, Maryland's efforts have not been keeping pace with conversion, such that lost farmland far exceeds the amount which has been preserved.

Over the last nine years, Maryland has been losing an average of 20,138 acres per year. With current and recent funding levels, the Maryland Agricultural Land Preservation Foundation has been able to preserve an average of only 7,671 acres per year.

In order to preserve more farmland and to 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 for preservation 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



* Due to Budget Reductions no easement offers were made in FY '91 and FY '92.

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 additional farmland acres preserved through various county programs, local land trusts and other state programs.

	1988	1989	1990	1991	1992	1993	1994	1995	1996	TOTAL
CONVERTED FARMLAND	44269	39801	26079	11070	8719	11132	11430	13743	14995	181238
PRESERVED FARMLAND	10366	9301	19768	0	0	8358	6805	7869	6575	69042
DIFFERENCE	-33903	-30500	-6311	-11070	-8719	-2774	-4625	-5874	-8420	-112196

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SPECIAL THANKS

Thank you to the Program Administrators in each county for their cooperation, support and administration at the local level.

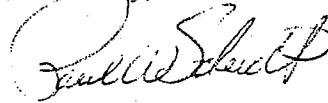
Your dedication in dealing with the State program and your local program contributes to the success of the Maryland Agricultural Land Preservation Foundation.

Since the spring of 1996, we have been working with the Board of Trustees on a long-term comprehensive review of the Maryland Agricultural Land Preservation Foundation. Many issues have been discussed and many more will be addressed. However, I feel that we have made some significant progress thus far.

Together, we will continue to evaluate and identify areas of concern which will benefit not only the program but, the participants of this program as well. After all, it is the landowners and their willingness to participate (along with adequate funding) that makes this program a success.

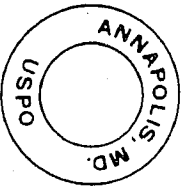
Thank you for working together. Your help and dedication will help us to continue in our mission of protecting some of Maryland's finest farmland.

Sincerely,



Paul W. Scheidt
Executive Director

MD. AGRICULTURAL LAND PRESERVATION FOUNDATION
MARYLAND DEPARTMENT OF AGRICULTURE
50 Harry S Truman Parkway
Annapolis, MD 21401



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