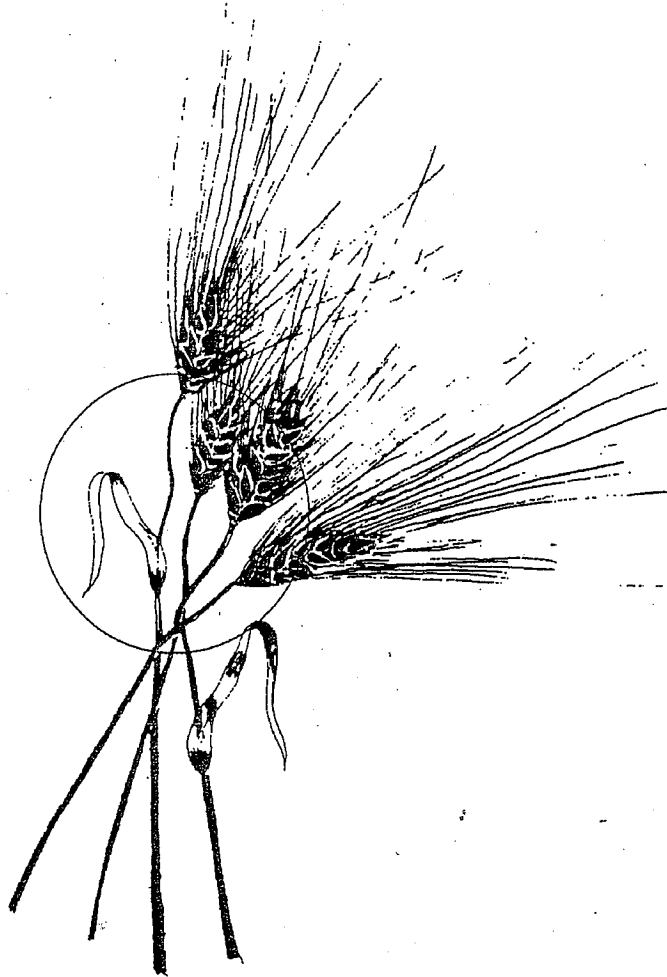


**Maryland
Agricultural Land
Preservation Foundation**

**Annual Report
1997**



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

ANNUAL REPORT

FOR

FISCAL YEAR 1997

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

Wayne C. McGinnis, Chairman
Paul W. Scheidt, Executive Director

**MARYLAND
DEPARTMENT OF AGRICULTURE**

50 Harry S. Truman Parkway
Annapolis, Maryland 21401

Parris N. Glendening
GOVERNOR

Henry A. Virts, D.V.M.
SECRETARY OF AGRICULTURE

MDA 121-98

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

The Maryland Agricultural Land Preservation Program was created by the Maryland General Assembly to preserve productive agricultural land and woodland which provides for the continued production of food and fiber for all citizens of the State. The preservation of agricultural lands will help curb the 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 unique. 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 of the 49 other States. 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's Comptroller, Treasurer, and Secretary of Agriculture who all serve as ex-officio members. The other nine members of the Board serve "At-Large" and represent 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 through 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 but 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 states that instead of earning at least 50% or more of their income from farming, at least three of the five members must be "actively involved in an ongoing, commercial, and a 'for profit' farming operation."

The advisory board in each county assists the Foundation 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 (5) years, and the property must meet the minimum criteria established by the Foundation. To be eligible for district status, a property must have at least 100 contiguous acres with at least 50% of the total soils classified as USDA soil capability Class I, II, or III 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 an agricultural land preservation 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 easement to the Foundation. However, due to the high demand of landowner participation and limited funds, there is no guarantee that an offer will be extended to the landowner by the Foundation. The application submitted by the landowner will include their asking price of any easement offered.

The maximum price that the Foundation may pay for an easement is either 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 approval by the State Board of Public Works. 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, especially, 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. A Forest Management Plan is also encouraged 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/or his children, subject to certain restrictions, density requirements, and local approval by the county.

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)	<i>(less)</i>	Agricultural Value (determined by a formula based on land rents and soil productivity or the 5 year average cash rent in the County)	<i>(equals)</i>	Easement Value
---	---------------	--	-----------------	-----------------------

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

Rural Legacy Program

Last year we reported briefly on the "Rural Legacy Program" which was part of Governor Parris N. Glendening's Smart Growth and Neighborhood Conservation Initiative. This initiative was introduced and passed by the General Assembly and signed by the Governor during the 1997 legislative session. The newly developed Rural Legacy Program will encourage local governments and private land trusts to develop innovative strategies to protect rural land, identify focus areas for concentrated preservation efforts and to competitively apply for funds that will help complement existing programs and to create new programs that will preserve agricultural land and natural resources.

The program will be administered by the Secretary of the Department of Agriculture, Secretary of the Department of Natural Resources and the Director of the Maryland Office of Planning. The program is designed to preserve both agricultural and environmental areas. It will also allow for the preservation of cultural and historical areas of Maryland's countryside.

The programs goals are to:

- a) Establish greenbelts of forests and farms around rural communities to preserve their cultural heritage.
- b) Preserve critical habitat for native plant and wildlife species.
- c) Support Natural Resource-based economies like farming, forestry, tourism and outdoor recreation.
- d) Protect riparian forests, wetlands and greenways to buffer the Chesapeake Bay and its tributaries from run-off.

Through a competitive grant application process, the program will create partnerships among Federal, State and local governments and land trusts to consume large contiguous tracts of land and other strategic farmland from sprawl development.

It will also complement and bolster existing programs like the Maryland Agricultural Land Preservation Program by providing additional funds for the purchase of preservation easements. Part of the passage of the legislation that created the Rural Legacy Program included an allocation of additional funds directly to the Maryland Agricultural Land Preservation Foundation. As a result, the Foundation should receive between \$2 - 3 million during FY '98 for the purpose of acquiring agricultural land preservation easements.

The Rural Legacy program will finance a minimum of \$71.3 million in grants during the first five (5) years, through a combination of state issued general obligation bonds and existing Program Open Space Funds. For further information on the financing of the Rural Legacy Program you may call (410) 260-8403.

Easements purchased through the Rural Legacy Program will be completely separate from the MALPF program. However, other programs such as MALPF may be a co-holder of the easements and will be responsible for monitoring and enforcement. The primary goal of Rural Legacy easements is to preserve farms with important environmental features which landowners may be willing to protect above and beyond the traditional agricultural easement.

For example, a landowner may be willing to maintain a 50-100 foot buffer around streams or wetlands, or maybe protect an area known to be

used by an endangered wildlife species. These are some of the additional protection resources that a landowner can be compensated for if he is willing to sell an easement through the Rural Legacy Program. However, if a landowner in a designated focus area of the Rural Legacy Program only wants to preserve the property for agricultural purposes, the easement can be purchased from the landowner using Rural Legacy Funds and the Rural Legacy Board will transfer the easement to the Maryland Agricultural Land Preservation Foundation.

Properties selected for making easement offers within designated focus areas will be determined by areas sponsors. They will be evaluated by an approved valuation and prioritization method developed especially for that particular focus area. Currently, various potential sponsors are looking at the possibility of establishing a point system for valuation as well as traditional appraisal methods.

There are currently 15-20 potential sponsors across the State that have expressed an interest in applying for Rural Legacy Funds. The application deadline is January 30, 1998 and it is unknown at this time as to how many proposals or locations will be selected for funding. The Foundation's 1998 Annual Report will reflect how the selected areas tie in with the preservation efforts of the State's Agricultural Land Preservation Program as well as new developments as they occur during the upcoming year.

Future Harvest Project

In 1997, the Chesapeake Farms for the Future Board completed a mapping project that identifies where Maryland's most important farmland is located. The Board is made up of 19 farmers and non-farmers, including the Chairman and Executive Director of the Maryland Agricultural Land Preservation Foundation. It is staffed by the American Farmland Trust and the Chesapeake Bay Foundation.

The mapping project consists of a series of six computer-generated maps, all which will be produced at the county and state levels. Most of the data for the maps was provided to the Board by the Maryland Office of Planning and Maryland Department of Natural Resources. The series consists of one map for each of the following:

- 1) Protected lands (land protected by easements and local zoning)
- 2) Projected increase in households from 1995 to 2020
- 3) Environmental, cultural and historic features
- 4) Soil types
- 5) Market Value of Agricultural Products

The final map, entitled "Strategic Characteristics of Maryland Farmland"; identifies where one or more of the following characteristics overlap; moderate to high projected increases in households, environmental/cultural/historical features, and prime and productive soils. These are the areas the Board suggests should receive highest priority in state and county farmland protection programs. A critical element of the Board's mapping project therefore, is for communities to recognize that farmland is of significant value from an agricultural, environmental, cultural and historic standpoint, and that it is vulnerable to the constant threat of development. The Board also hopes that this project will educate communities and expressly show that time and funding is limited. Therefore, it is hoped that counties use a strategic plan that states what quantity and quality of farmland should be protected.

Ten public meetings were held during the year to receive input on the mapping project. Program administrators working with the Maryland Agricultural Land Preservation Foundation were also asked to review the maps.

In 1997, the Board conducted a county-by-county evaluation of Maryland's public and private farmland protection programs. The Board used Measures of Success, which it had developed in 1996, to evaluate the programs.

A final report that will include the maps and program evaluation is due to be released in early 1998. Following the release of the report, an extensive public education and outreach campaign will be conducted. This will include presentations to all county and state agencies, as well as community groups.

This project is part of the Future Harvest Project, a four-year project started in 1994. Funded by a grant from the W.K. Kellogg Foundation. The goal of the project 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 three other Boards are "farm boards," each which consist of farmers, growers or extension agents. These boards were established to examine and support innovative ideas for on-farm demonstration and research. They are examining the best ways to promote the adoption of sustainable agriculture through on-farm demonstrations of innovative production, marketing, wildlife habitat improvements and stewardship strategies.

PROGRAM ISSUES AND ON-GOING STRATEGIES

As reported in last year's Annual Report, the Board of Trustees and local Program Administrators began a long-term comprehensive review of the Maryland Agricultural Land Preservation Foundation's (MALPF) policies, statutes and regulations. The Board of Trustees created a Policy Review Committee to evaluate potential changes to the current operations of the program.

The Policy Review Committee is made up of several of the Foundation's Board of Trustees and regional representatives of program administrators from the Western, Central, Southern and Eastern Shore regions of the State along with Foundation staff. Together they have been evaluating areas of immediate concern and have also considered some broader changes that might improve the MALPF program.

Last year's Annual Report reported on issues including the Agricultural Value Formula and Forest Mitigation.

During the past fiscal year, the majority of the discussions of the Policy Review Committee have focused on: Prioritization Methods of Counties and Other States, Lot Exclusions and Agricultural Subdivisions.

Foundation staff has reviewed what other states and counties consider in prioritizing properties for easement sale and determined the most common factors used. The Policy Review Committee and Foundation staff would like to preserve the better quality farms and involve the counties more in the selection process.

Staff suggested that the Foundation buy easements in order of priority as established by each county during Round One Offers. Round

Two offers would be made using the current statewide ranking system based on discounted ratios. This proposal may allow the Foundation to make offers to the better quality farms, help to build a contiguous mass of preserved properties and help counties to meet their own preservation goals.

Another option considered was the averaging of prioritized properties by the county with the prioritization of the State's current prioritization method to maintain emphasis on the discounting of offers.

For example, if a property ranked number one in a county and the State discount ranking was number six, then that ranking would be number three. However, a method would have to be created to break ties.

The Staff and Policy Review Committee tested these proposals and obtained comments from the agricultural community to determine whether a change is warranted and whether one of these proposals will be effective. Many of the County Program Administrators favored the County prioritization method, in that it helps to choose better quality farms and lends to the fact that the county administrator and the local advisory board are involved. As a result legislation was prepared to support staff's recommendation and it will be reviewed during the 1998 Legislative Session of the Maryland General Assembly.

The Policy Review Committee has also spent several months discussing the issue of lot exclusions. Foundation staff prepared several drafts of recommended changes to the current lot exclusion policy.

There has been an increase in the number of requests for lot exclusions and agricultural

subdivisions over the past several years. There has been much debate among board members as to whether the program is too generous with the allowance of lot exclusions or in certain circumstances too strict. In addition, concerns have been raised about the intent behind requests for agricultural subdivisions. Many requests seem to be for estate planning purposes and not at all related to an agricultural operation or purpose.

The Policy Review Committee has generally accepted proposed changes to current policy but support from the full Board and input from the agricultural community is needed prior to adopting any change or submitting new legislation.

Currently, the proposed changes allow for lot exclusions for any owner, not just the original owner who establishes a district or sold an easement. However, in allowing this, the committee recommended a change in density from 1 lot per 20 acres to 1 lot per full 50 acres up to the first 150 acres and then 1 lot per full 100 acres thereafter. Existing dwellings would be counted in determining whether additional dwellings would be permitted.

The lot rights would become a marketable item in transferring agricultural properties and would allow subsequent owners to construct houses and live on their property (if the density has not already been attained.).

As for other requests for subdivisions, the Foundation's Policy Review Committee also felt that there should be a limited allowance for such requests. This would include and address the issue relating to agricultural subdivisions and subdivisions for estate planning purposes. Currently, there is no provision in the law for estate planning subdivisions. The allowance as proposed would be the same as for lot exclusions which is 1 per full 50 acres up to the first 150 acres and then 1 per full 100 acres thereafter. The

committee realizes that there may be a need to allow for special exceptions which would be reviewed on a case by case basis.

The Foundation's current policy states that all parcels (to be subdivided and remaining) must be at least 20 acres in size and meet the minimum soils requirement for district creation. The minimum acreage for agricultural subdivision density is based on the fact that 20 acres are required in order to receive agricultural assessment per Department of Assessments and Taxation requirements. Currently, the Foundation allows one subdivision per 100 acres, or a portion thereof.

There may be a misconception that the 20 acre minimum for agricultural subdivision is being seen by the landowner as an entitlement. One suggestion was that perhaps the minimum should be dropped in order to allow the Board more flexibility and discretion in deciding what is a viable subdivision. There has also been discussions about whether the subdivision should be completed, before a property enters the program, and not allow any more subdivisions on the property.

Several discussions were held and the ideas listed on the following page were generally accepted and approved by the Foundation's Board of Trustees. Any proposed changes as discussed will require Legislation. If accepted and approved, the Foundation will submit legislation for the 1999 General Assembly. The Foundation feels it is important to obtain comments and support from the entire agricultural community with regard to these changes. Therefore, these proposals are being mailed to program administrators, agricultural advisory boards, Maryland Farm Bureau, Maryland State Grange and the Maryland Agricultural Commission for comments, recommendations and support.

Another issue discussed with the Policy Review Committee is the clarification of tenant houses, the definition of a tenant and restrictions associated with approved or designated dwellings.

The committee is attempting to create policy for all routine requests made to the Foundation. The recommended Policy relating to requests for Tenant Houses does not include any new language but clarifies and outlines existing policy. To summarize, a "Tenant House" means a dwelling that serves as living quarters for one (1) or more persons, or families, whose principal vocation or employment is substantially related to the agricultural operation of the farm.

The following conditions apply to all approved or designated structures such as tenant houses:

- a) The density of tenant houses may not exceed 1 tenant house per 100 acres, or portion thereof.
- b) The land on which a tenant house is constructed shall not be subdivided or conveyed to an individual or other legal entity.
- c) The tenant house shall not be conveyed separately from the original parcel.
- d) The tenant house, and access to the tenant house, shall be located in an area that will have minimal impact on the overall farm operation.
- e) The tenant house shall be occupied by someone fully engaged in the agricultural operation of the farm and cannot be occupied by the property owner.

Our 1998 Annual Report will address these issues further and will be made available in December of 1998.

Agricultural Value Determination

Last year's Annual Report discussed the Agricultural Value Formula.

As reported last year, because there were several occurrences of negative easement values (mainly on the Eastern Shore), the Policy Review Committee examined potential reasons why these occurred and discussed ways to eliminate such results. Negative easement values occurred where there was not much difference between Fair Market Value and the agricultural value of the property and when the appraisals identified the properties as the highest and best use of the property as agricultural use. In some cases the agricultural value of the properties (as per the Formula) was determined to be a higher value based on what soils could theoretically produce, not what properties would sell for.

A change was made to the methodology used to determine agricultural value of farms applying for easement sale. This change was to capitalize the lower of either the agricultural value determined by the agricultural formula OR, the 5 year average 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.

It is assumed that the alternative means in determining agricultural value would eliminate negative values and may result in higher easement values and thus higher offers to landowners to preserve their land in perpetuity.

Oftentimes (and more common than not) a landowner's asking price is less than the calculated easement value and is considered a "discount" to the State. Money saved by purchasing easements at a discount is used to make additional offers resulting in more farmland preserved. An increase

in expenditures by the Foundation will occur when no discount is being offered by the landowner and when the 5-year average cash rent is being used in determining the agricultural value.

In FY '97 there were 165 properties appraised. The results are as follows:

- Out of the 165 properties appraised, 69 farms (42%) had an agricultural value determined by the Agricultural Value Formula.
- 96 properties (58%) had an agricultural value determined by the 5-year average cash rent of the county.
- The Upper Shore Region of the State (Caroline, Cecil, Kent, Queen and Talbot Counties) had the most occurrences where the 5-year cash rent was used in determining agricultural value.
- The Central Maryland Region (Baltimore, Carroll, Harford, Howard and Montgomery) had the most occurrences where the Agricultural Value Formula was the determining factor in arriving at the agricultural value.
- Not one property received a negative easement value using the new methodology in determining agricultural values.
- In FY'97 the 5-year average of actual rent per acre statewide was \$41.93, while the capitalized agricultural value per acre rate was \$698.83.

Forest Mitigation

Last year's Annual Report briefly addressed the issue of forest mitigation on agricultural easement

properties. The Foundation was in the process of attempting to establish policy that would be consistent with the Maryland Agricultural Land Preservation Foundation's easement restrictions and potential uses of the land.

As was noted in last year's report, the planting of trees would be permitted on properties subject to an agricultural land preservation easement but it must be consistent with the terms and conditions of the Foundation's Deed of Easement. 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, and not restrict its productive potential.

Program Administrators were informed that there may be a problem if the landowners want to place additional restrictions on the land if the property is already under an agricultural land preservation district/easement. It is recommended that administrators advise landowners that there may be a conflict with our program. Perhaps when a farmer is about to enter into our program, he/she may need to be advised by the local Program Administrator to exclude certain acreage up front if other uses are desired.

The Forest Conservation Law requires developers to conserve forests and in some cases replace forest land during the development process. One of the options the developers are given is to locate off-site areas for tree planting. There has been a lot of interest from some farmers to become receiving areas. What may be the greatest challenge in forest mitigation is that the State Law sets forth certain guidelines and standards for the 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.

Howard County adopted a policy that states that Forest Conservation Easements may be placed

on agriculturally protected properties but are limited to certain areas to include stream buffers, no more than 100 feet; wetland buffers no more than 35 feet; steep slopes, that are 25% or greater and 35 foot hedge row buffers between existing development.

The Foundation considers woodland management on a property to mean the production and management of trees for the future use of timber and other wood products. They refer to the ability to manage the wooded area(s) as a crop and supported by a forest management plan. There is also an issue of best management practices. A landowner could allow forest mitigation on his property but there is a concern that it is restricted to only one type of crop or land use. How much of the total farm is actually devoted to trees is a legitimate issue for the Foundation to be concerned with and will be considered when requests are made in the future.

Another issue discussed was whether the Foundation would purchase an easement on land that was already subject to a Forest Mitigation Easement.

Even if the Forest Mitigation Easement allows the land to be harvested for timber, there may be nothing for the Foundation to purchase, as the land would already be precluded from any type of development.

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 place any additional restrictions on the property, such as conservation easement, unless the Foundation has had an opportunity to review it, requiring too, that they become a signatory to any such easement.

Overlay Easements on District/Easement Properties

The issue of Forest Mitigation Easements led to the study of other overlay easements. Foundation Staff put together some policy statements which will be used to give guidance to the Foundation's Board of Trustees as well as to the Program Administrators. See Page 16 for more details.

PROPOSAL REQUEST FOR FEDERAL FUNDS

As was reported in last year's Annual Report, The "Farms for the Future Act Amendments of 1995" was created and passed legislatively to assist state and local programs in their protection efforts. The bill provides matching grants to states with qualifying farmland protection programs to protect prime, unique and other farmland of agricultural, economic or environmental importance. Maryland was among the 19 states that qualified to share in the \$35 million in federal funds appropriated for such a program. The Maryland Agricultural Land Preservation Foundation was able to receive \$1 million, of the \$15 million available for 1996.

During the FY '97 Easement Acquisition Program, 88 landowners received an offer by the Foundation with 32 of these offers involving federal funds. Of all offers made, 84 landowners accepted their easement offers with 30 of them involving federal funds. When the Foundation first submitted their proposal to request Federal Funds, it submitted a list of 20 pending offers which met the criteria and priorities of the USDA Farmland Protection Program (FPP).

When the application was made for the federal funds, the list of pending easement applicants was based on the \$1 million awarded to the Maryland Agricultural Land Preservation Foundation. The \$1 million was divided equally among all the counties that had easement applications. Because the Foundation matched 60% of state money to the federal money as 40% more offers could be made.

The original list of 20 pending easement applicants was based on top ranked applicants identified by each County participating in the FY '97 Easement Acquisition Program. When the Counties provided their top ranked applicants for

FY '97, it did not necessarily mean that these individuals would be offering the State a discount to purchase their development rights. Therefore, although some of the applicants were the top ranked in the county, the Foundation made its easement offers to those who offered the best discount to the State.

Based on the accepted offers in the FY '97 Easement Acquisition program, a total of 4,290 additional acres will be permanently preserved. The acceptance of the 30 easement offers made during FY '97 with Federal Funds shows a total acquisition cost of \$4,960,535 of which \$3,625,495 were State funds, \$335,040 were County funds and \$1,000,000 were federal funds.

The largest distribution of acreage protected with federal funds (as well as State and County) is located in the Upper Eastern Shore area with twelve offers, totaling 1,510 acres. The next largest area of distribution was the Lower Eastern Shore with seven offers, totaling 1,087 acres. In the Southern Region there is a total of 834 acres preserved, representing three new properties. Both the Western Region and the Central Region had four properties, preserving 496 and 361 acres respectively.

The Natural Resources Conservation Service announced in May 1997 that another \$1.92 million became available nationwide for States and counties to apply for federal funds in the 1997 Cycle.

The limited funding availability made the application process questionable for a number of programs from a cost-benefit perspective. Many programs, including Maryland, did not compete for the limited funds.

In the 1997 application cycle, the nation was divided into four regions. The entire northeast, including the mid-Atlantic states were grouped into one region. This year's request for proposals program has similar characteristics to last years' but added some new provisions. The following special requirements are in effect for the FY '97 Federal Farmland Protection Program:

- 1) Farms which include lands under the Conservation Reserve Program or other long-term conservation contracts protected from conversion must meet the FPP criteria to be considered.
- 2) Lands meeting the FPP criteria and participating or eligible to participate in cost-sharing conservation programs that provide funds for installing conservation measures such as Wildlife Habitat Incentives Program, or the Environmental Quality Incentives Program will be considered.

This year, a higher priority was placed on proposals that collaboratively use the FPP with other conservation programs underway or planned.

The State's responsibility for implementing the Farmland Protection Program includes the following:

- Verification of the eligibility of cooperating entities
- Assisting the potential cooperating entities to develop proposals
- Evaluating and consolidating proposals submitted within the State and establishing a statewide priority
- Signing and monitoring cooperative agreements for the Commodity Credit Corporation (CCC) with the selected cooperating entities to set up program delivery partnerships

- Certifying payments and forwarding certifications to the Farm Service Agency (FSA)
- Informing FSA of payment certification personnel changes
- Monitoring and ensuring program delivery
- Work with the State Technical Committee to ensure program delivery is meeting program goals and objectives
- Developing and maintaining cooperative relationships with all partners at the State level
- Marketing program opportunities to provide outreach to the State, Tribe and/or local government entities

PROPOSED REGULATIONS AND POLICY

Prioritization of Properties Submitted for Easement Sale

Properties submitted for easement sale must meet certain criteria and be in an approved agricultural land preservation district. The property must have 100 contiguous acres unless it is adjacent to an existing agricultural land preservation district or easement property (special exceptions may be possible). Properties must have at least 50% of the total soils classified as USDA soil capability Class I, II, III and/or woodland Group 1 or 2, and be approved by the local governing body.

Currently, the Foundation notifies the governing body of the county containing the subject land, that an application to sell an easement has been received. The local governing body must approve applications for easement sale. Each property is ranked according to a ratio by dividing the landowner's asking price by the determined easement value. Properties with the lowest ratio are listed first in ascending order. Each property with a ratio of 1.0 or less is offering a discount and is willing to sell an easement for less than the determined easement value. Those properties with a ratio of greater than 1.0 are re-ranked by applying the Easement Priority Formula. This formula assigns points for certain qualities of the property and its location. Properties with the highest point total are ranked first, followed by the next in descending order. This allows the Foundation to maximize the use of State and local funds and to acquire additional properties.

Over the last several years, the Foundation's Board of Trustees has voted to send the list of properties submitted for easement sale to each County and requested them to prioritize and

submit their approval of up to three applications or the top 80% of the total number of applications received from their county, whichever is greater.

It is believed that this review and prioritization helps the county and their local preservation programs (if established) meet their goals as they relate to agricultural land preservation. In addition, it will help to preserve the better quality farms and aid in the preservation of large blocks of contiguous farmland. Limiting the number of properties to be approved also keeps numbers at a manageable level and maximizes the use of State Funds for actual easement purchases instead of obtaining an excessive number of appraisals keeping appraisal costs at a minimum.

The Policy Review Committee spent numerous months discussing this issue. The Foundation's Board of Trustees has approved a draft proposal which would require counties to prioritize properties submitted for easement sale in a specified order of ranking in which they feel should be preserved. This will further enhance the county's ability to meet preservation goals and preserve better quality farms.

As a result, the Maryland Agricultural Land Preservation Foundation submitted a bill to the Maryland Legislature to be reviewed in the 1998 General Assembly, which will allow the Foundation to make certain offers to purchase easements to restrict land to agricultural use based on certain locally established priorities; and generally relating to the establishment of local priorities for the preservation of agricultural land.

Under the proposed bill, a county may choose to utilize the Foundation's existing way of ranking properties through the competitive bidding process

OR create their own county prioritization method. If the county chooses to use their own prioritization method, the county will need to advise landowners prior to informing the Foundation which method they choose to use and the method must be approved by the Foundation's Board of Trustees.

If a county chooses to prioritize properties using a county prioritization method, better quality farms and strategically located farms can be preserved while competitive bidding will still play a major role in Round Two offers.

Presently, the Foundation is obtaining comments and support from the agricultural community with regard to these proposed changes and hopes to have uniform support adding more focus and structure to its preservation efforts.

Divisions of Land

The Foundation's Board of Trustees also considered introducing another bill which would alter the number of certain allowable divisions permitted on land that is subject to an agricultural land preservation easement purchased by the Maryland Agricultural Land Preservation Foundation.

However, the Board decided to wait until more details are worked out and there is more uniform support for the change. In the meantime, comments will be obtained from the local agricultural preservation advisory boards, the Maryland Grange, Maryland Farm Bureau and the Maryland Agricultural Commission.

Presently, landowners have the right to request the release of 1.0 acre lots (or up to 2.0 if required by the Health Department) for the purpose of constructing a dwelling house only for the use of that owner or that owner's children, subject to certain conditions.

The proposed concept allows the Foundation to be more flexible when dealing with the divisions of land.

The Foundation currently has no mechanism to allow for the approval of requests to divide for estate planning purposes unless it is related to an agricultural endeavor. Another concern of the Foundation relates to people wishing to purchase farms on which they cannot construct dwellings.

As written the draft proposal will:

- a) Allow lots to be excluded from the easement for current or future owners subject to certain densities.
- b) Change the density for lot exclusions from 1 lot per 20 acres to 1 lot exclusion or division per 50 acres up to 150 acres, then 1 lot per full 100 acres thereafter.
- c) Treat lot exclusions and agricultural subdivisions simply as "divisions" of land, regardless of the purpose for which it is being requested, i.e., estate planning, conveyance of a parcel for agricultural or financial reasons, etc., but if the division is not intended to be a lot exclusion, the parcel to be divided and the remaining parcel(s) must be at least 20 acres in size.
- d) Allow exceptions to the 20 acre minimum division (for reasons other than development) for the express purpose of straightening property boundaries or other requests found to be consistent with the general purposes of the program.
- e) All pre-existing dwellings will be treated as a utilized lot right permitted in this program and counting toward the allowable density.

Overlay Easements on District/Easement Properties

Foundation Staff summarized several policy statements which will be used for guidance to the Foundation's Board of Trustees as well as to the Program Administrators. One such policy relates to overlay easements on District/Easement properties.

The purpose of an overlay easement may vary but will be placed over top of district and easement restrictions while still protecting and maintaining the agricultural potential of the farm, so as not to interfere with present or potential agricultural operations. Access shall be defined, located and potential uses must be explained. The overlay easement shall clearly list all activities that may be permitted.

Examples of overlay easements may include, but are not limited to:

1. Forest Mitigation Easements
2. Wetlands Mitigation Easements
3. Utility Easements
(i.e. Gas, Oil, Electrical, Telephone)
4. Cable Company Easements
5. Historical Easements
6. Environmental Easements
7. Cultural Easements
8. Septic Reserve Easements

Draft Regulations for Certification of County Programs

Foundation staff met with a group of program administrators to discuss changes in the draft regulations for Certification of County Programs. Most of the changes were minor with some

changes to the wording for clarification. Basically, the tone of the regulations were changed as there was a concern about interpretation of some definitions.

The draft changes were approved for adoption by the Foundation's Board of Trustees as well as the Maryland Office of Planning who has a joint role in the administration of the Certification Program. The new regulations become effective on October 20, 1997.

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.

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. In general, the proposed policy would allow certain areas of a property to be used for mitigating forest land which would be limited to steep slopes, highly erodible land and stream buffers. In the interim, any new Deed of Easement recorded will include language that the landowners clearly agree that they will not place any additional restrictions on the property such as a conservation easement, unless the Foundation has an opportunity to review it, requiring too, that they become a signatory to any such easement. See Page 10 for more information.

1997 LEGISLATION

- ***House Bill 285 - Maryland Agricultural Land Preservation Foundation - Termination of Easements - Distribution of Repurchase Payment (Passed)***

This bill will require the Maryland Agricultural Land Preservation Foundation, under certain circumstances, to distribute to a county a certain portion of the repurchase price paid by a landowner terminating a certain easement; making certain stylistic changes; and generally relating to the termination of an Agricultural Land Preservation easement. The proposed legislation would result in an allocation to the County on any easement repurchased based on a pro-rated percentage equal to that of the county percentage used initially to purchase the easement.

- ***House Bill 491 - Maryland Right to Farm Law (Failed)***

This bill would have expanded the types of agricultural activities that are subject to protection from specified private actions.

- ***House Bill 507 - "Smart Growth" and Neighborhood Conservation - Rural Legacy Program (Passed)***

This bill created a Rural Legacy Program in the Department of Natural Resources; establishing a Rural Legacy Board to administer the Program; specifying the powers and duties of the Board, setting standards for Rural Legacy Area designations; providing for the membership of the Board; providing that the Program is established to enhance natural resources, agricultural, and environmental protection by providing funds for the purchase of property and easements; earmarking specific amounts from transfer tax revenues interests in real property. As drafted, HB 507 will result in

a decrease in funding for MALPF in FY '98 as 10% of the State Transfer Tax would be devoted to the Rural Legacy Program instead of being shared by MALPF and POS.

- ***House Bill 508 - "Smart Growth" and Neighborhood Conservation - "Smart Growth" Areas - Companion Bill Senate Bill 389 (Passed)***

Establishing priority funding areas in the State; prohibiting State Agency from approving specified projects that are not in priority funding areas; etc.

- ***House Bill 669 - Maryland Agricultural Land Preservation Foundation - Release of Lots from Easements - Limiting on Resulting Density (Passed)***

This bill will require that when the Maryland Agricultural Land Preservation Foundation releases lots from an easement for the construction of dwelling houses, the resulting density on the property may not exceed the density allowed under local zoning of the property before the Foundation purchased the easement; requiring the Foundation to certify that the resulting density on the property does not exceed the density allowed under zoning of the property before the Foundation purchased the easement.

- ***House Bill 675 - St. Mary's County - Property Tax Credit - Agricultural Land (Passed)***

The bill repeals authority for the governing body of St. Mary's County to grant, by law, a property tax credit for certain real property that is subject to the MALPF District Program or the St. Mary's County Agricultural Land Preservation District 5-year program. This bill

may increase participation of landowners and result in more acreage being preserved.

- ***House Bill 838 - State Transfer Tax - Distribution of Revenues - Companion Bill Senate Bill 164 (Unfavorable)***

This bill alters the distribution formula for revenues from the State transfer tax revenues reducing from 83.5% to 75% of the percentage of the net revenues allocated to Program Open Space and increasing from 14.5% to 23% of the percentage of revenues allocated to the Agricultural Land Preservation Foundation; repealing certain obsolete provisions; and generally relating to the distribution of revenues from the State transfer tax.

- ***Senate Bill 98 - Property Tax - Agricultural Use Assessment (Passed)***

This bill alters the basis for excluding land from receiving an agricultural use assessment when the land is rezoned to a more intensive use than the use that immediately preceded the rezoning.

- ***Senate Bill 226 - Maryland Right to Farm Law - Companion Bill House Bill 491 (Failed)***

Expanding the types of agricultural activities that are subject to protection from specified private actions.

- ***Senate Bill 327 - Real Property - Baltimore County - Recordation (Passed)***

The bill provides that, in Baltimore County, recordation of instruments affecting property by the Clerk of the Circuit Court may be done prior to transfer of the property on the assessment records; generally relating to recordation of instruments in Baltimore County.

- ***Senate Bill 355 - Agricultural Land Preservation - Easements Held by County Agricultural Land Preservation Programs - Condemnation Payments (Passed)***

This bill will clarify that nothing in the Agricultural Land Preservation law prohibits the State or a county from condemning land under a county agricultural land preservation program easement for public purposes; requiring the State or county when condemning lands under a county land preservation program easement to pay the owner of the land an amount equal to what the owner would be entitled to if the land were not under the easement minus a certain amount and to pay the county agricultural land preservation program the amount paid the owner for the easement.

- ***Senate Bill 388 - "Smart Growth" and Neighborhood Conservation - Rural Legacy (Passed)***

This bill creates a grant program to enhance preservation of rural lands by providing funds to purchase property and easements; earmarking specified amounts from transfer tax revenues; creating the Rural Legacy Board to administer the program; specifying the powers and duties of the Board; setting standards for rural legacy area designator and for making purchases in such an area; creating an advisory committee to review applications for legacy area designations.

CERTIFICATION OF COUNTY AGRICULTURAL LAND PRESERVATION PROGRAMS

The Certification of Local Agricultural Land Preservation Programs was created by the Maryland 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.

With the recent certification of Kent County, the Foundation and the Maryland Office of Planning have together certified a total of twelve

(12) counties as having an effective land preservation program of their own and appear likely to be successful in supporting viable agricultural operations and preserving agricultural land in perpetuity. A brief status of each County program follows:

Anne Arundel County

Anne Arundel County's 1996 General Development Plan addendum is currently being updated, reaffirming the County's present policy of concentrating development in other areas of the County that have existing or planned and public facilities. Adoption will take place in FY '98.

County Council Bill # 33-96, which became effective May 10, 1996, reduces the number of family lot excesses by allowing a parcel to be subdivided for family conveyance only once. In addition, a party can only be a grantee in one family conveyance subdivision.

The County is establishing land use regulations that provide incentives to preserve agricultural land and restore and create upland forest areas, including Transferable Development Rights (TDRs) and rural clustering. The County has also done some extensive research and is considering the implementation of an Installment Purchase Agreement. An annual easement application cycle, with an application deadline each year of October 1 has been established. No applications were received.

Currently Anne Arundel County has 93 State districts, totaling 8,894 acres; 30 State easements, totaling 3,699 acres; 31 County districts, totaling 1,404 acres and 24 County easements, totaling 1,840 acres.

Baltimore County

Baltimore County has been investigating the possibility of setting a target number of acres for agricultural preservation. Recently, the Baltimore County Agricultural Advisory Board adopted an agricultural preservation goal of 80,000 acres.

The Office of Planning is preparing an update of Baltimore County's Master Plan and has formed a working group to develop a Rural Strategy. The Rural Strategy will address the issues relating to the Agricultural Protection and Watershed protection Zones and the results of the effort will demonstrate a need to either maintain or amend the zoning component of this strategy.

Farms within Baltimore County's Master Plan designated agricultural preservation area (APA) are zoned either Agricultural Protection RC 2 or Watershed Protection RC 4. Approximately 109,500 acres of the 131,000 acres are zoned for Agricultural Protection. The remaining 23,500 are zoned for watershed protection. In October 1996, the decision to down zone 9,000 acres was made.

Baltimore County reports that the development of a Critical Farms program to supplement the MALPF program will be considered. Such a program would be designed to provide funds for farms who wish to purchase and protect farmland that comes on the market.

As of June 30, 1997, Baltimore County has 274 State districts, totaling 24,659 acres and 113 State easements, totaling 12,382 acres.

Calvert County

Calvert County has a goal to preserve at least 80% of the 45,000 acres in Farm Communities or Resource Preservation Districts through clustering. Transfer Zones are not allowed and lots created must be clustered. Thus, the Farming

Community overlay helps to reinforce the preservation of efforts in the DAA's.

The Farm Community represents approximately 50% of the remaining undeveloped County land. Only 14% of the lots in major subdivisions were located in Farm Communities in 1994. Combined with land enrolled in Agricultural Preservation Districts, the County has a very healthy ratio of land preserved vs. land developed.

The Calvert County Comprehensive Plan is due to be completed in 1997. At the present rate of preservation, the County believes that it may reach its 20,000 acre goal of permanently preserved land.

Calvert County's Comprehensive Plan recommends a four-step implementation strategy:

Step #1:

Reduce total build-out which is too high to meet preservation goals. 1997 actions include "identify and evaluate options that will reduce build-out. Present options to the public for review and comment."

Step #2:

Reduce the rate of residential growth, through such things as a stronger adequate public facility's ordinance.

Step #3:

Preserve the County's prime farms, forests, historic resources, and sensitive areas. This includes, but is not limited to continuing to support the goal of permanently preserving a minimum of 20,000 acres of prime farm and forest land and adopting a new goal of permanently preserving a total of 40,000 acres within the Resource Protection District and Farm Community District. In addition, expanding the market for Transferrable Development Rights and consider methods of expanding the program."

Step #4

Direct Growth to appropriate locations. The ability to direct growth away from prime farms, forests and sensitive areas will depend in part upon providing suitable locations for growth in other areas. These areas will need to be attractive, convenient and pleasant.

The County is also monitoring the subdivision activity in Farm Communities.

As of June 30, 1997, Calvert County has 47 State districts, totaling 6,084 acres and 24 State easements, totaling 3,455 acres. Currently Calvert County has 11,085 acres under permanent easement; through their TDR program, PAR-Fund sales or the State easement acquisition program.

Carroll County

In FY '96 Carroll County Commissioners asked the Planning and Zoning Committee for a comprehensive review of the County Master Plan. The Planning Committee appointed four separate broad-based citizens work groups to initiate the process reaffirming the County's commitment to 100,000 acres of easements and advised that 1/2 of the remaining goal of 37,500 acres should be acquired in the next ten years.

The County work team believes that because no one method alone is sufficient to permanently preserve 100,000 acres, a combination of strategies should be implemented. The following recommendations were made from the Work Team and as a Draft of Recommendations of the Agriculture Chapter of the Carroll County Master Plan.

Strategies:

A. Expand on the existing MALPF Program to include such things as:

1. Implementing 0.5 to 1.0 percent tax on all property transferred in Carroll County with the proceeds of the tax dedicated to preserving agricultural land.
2. Pursuing additional State and Federal Funds to supplement the existing revenue and those generated from the transfer tax dedicated to purchasing development rights easements.

3. Supporting the work of private land trusts and the Maryland Environmental Trust in preserving land with an easement in Carroll County.
 4. Supporting a property tax increase, if needed, to achieve the 3,750 acres a year after all other sources of easement acquisition have been implemented.
- B. Increase program participation by using a portion of revenue generated from the transfer tax to provide for an "installment purchase agreement" alternative, which provides tax-exempt interest for property owners who agree to sell an easement and defers the payment of principal for a set number of years.
- C. Educate the general citizenry of the County in the value of preserving agricultural land for economic, environmental and quality of life benefits.
- D. Support the Extension Office in improving the profitability and competitiveness of County farmers in both traditional and non-traditional agriculture, thereby reducing the turnover of agricultural lands.
- E. The County has done extensive research regarding the implementation of a Transfer of Development Rights Program. The consensus is not to support implementing a TDR program at this time.

The County has a policy that the permanent preservation of 100,000 acres will be through an easement program, with funding a priority. Agriculturally zoned land will not be further downsized.

FY '96 marked the first year that the county critical farm's applicants received MALPF offers and began "revolving funds" in their Critical Farms Program. Of the 10 MALPF offers, 3 are Critical Farms participants. When settled, the County will be reimbursed \$575,696.00.

Currently, Carroll County has 358 State districts, totaling 43,868 acres and 201 State

easements, totaling 25,591 acres. During FY '97, the County enrolled 8 new farms in the County's Critical Farms Program, totaling 1,110 acres. The Critical Farms Program has helped preserve 17 farms, totaling 2,137 acres.

Charles County

Charles County's Agricultural Land Preservation Program was certified by the Maryland Office of Planning and the Maryland Agricultural Land Preservation Foundation during calendar year 1996. The County indicated they would address the acres of land converted to another use in the Agricultural Conservation (AC) and Rural Conservation (RC) Zones, and develop acreage goals for district and easement properties during the first two years of certification through this document.

Currently, Charles County is working on a strategy that deals with focusing preservation efforts on areas with agricultural assessed parcels in the AC and RC, along with linking these parcels to productive soils in terms of cropland and forested lands. Both of these concepts will be helpful in developing acreage goals for district and easement properties. Promoting the preservation program will continue throughout Charles County, but there needs to be a strong effort made in preserving the most productive farmland from encroachment, as well as form a large contiguous belt of preserved land through the State's District and Easement Purchase Program, County's Transfer of Development Rights Program and Rural Legacy. In addition, Charles County is setting up a Rural Commission to recommend a land use plan for the rural area outside the County's Development District. At a minimum, this Commission will address the following items.

1. Develop an overall vision for rural area including viability of the rural community.

2. Develop a good data set on the true extent of agricultural and forest land loss.
3. Establish an acreage goal for farmland preservation in the agricultural zone.
4. Preserve the County's rural character.
5. Maintain farmer's equity in the land.
6. Review permitted residential densities.
7. Maintain and monitor Transfer of Development Rights (TDR's) the rate of transfer and location of receiving areas.
8. Determine how to best incorporate clustering of lots into rural residential development.

Currently, Charles County has 57 State districts, totaling 8,920 acres and three State easements totaling 677 acres.

Frederick County

The Frederick County Planning Department has completed Regional Plan Updates for all eight regions of the County. Of these eight Planning Regions, six have been adopted and two regions are currently in the approval process. All eight Planning Regions have adopted community growth limit boundaries around the areas planned for development, thereby giving more permanence to areas designated as agricultural. Completion of the eight individual planning regions initiates the start of the Update of the Volume I Goals and Policies documents. The proposed Volume I Comprehensive Plan draft will include an acreage goal of 100,000 acres of preserved land by 2020.

The strategy to preserve agricultural land in Frederick County has consisted of three elements; comprehensive (long range) planning, strict agricultural zoning and State and County PDR

programs. In an effort to strengthen the agricultural industry and bolster agricultural preservation efforts in Frederick County, the county has adopted an Ordinance that protects farmers' rights to farm. - Frederick, County has taken steps to clarify and resolve conflicts between agricultural operators and non-agricultural property owners by adopting a Right to Farm ordinance. The Ordinance defines where the right to farm law applies.

Frederick County has 134 State districts, totaling 20,252 acres; 59 State easements, totaling 10,062 acres; 3 County easements, totaling 354 acres and four properties in the Critical Farms program totaling 413 acres.

Harford County

Harford County's 1996 Master Plan and 1996 Land Use Element Plan continues to focus over 80% of the County's residential development into designated growth areas. Conservation development standards will limit the effect of development that is allowed in agricultural areas.

Harford County adopted a Rural Conservation Development Standards, which encourage developers to use only a portion of the farm for subdivision and leave the remaining land under a conservation easement.

Harford County is looking to strengthen their Right to Farm Legislation and is also continuing research into a much greater transfer of development rights (TDR) program.

The County is developing a position and plan within the office of Economic Development to coordinate marketing, regulatory and educational programs to benefit the farming community and is exploring the expansion of agricultural marketing such as an increase number of Farmers Markets, grocery store buying agreements, etc.

Harford County has committed millions of dollars to the local PDR program and the MALPF Matching Program. The number of farms entering MALPF districts has rose steadily through the reporting period. More than 6,000 acres were preserved in the past two years by MALPF and the County's local program. Harford County's goal is to preserve 15,000 - 20,000 acres of prime agricultural land through the direct purchase of development rights over the next ten years through the local program and the MALPF program.

Currently, Harford County has 208 State districts, totaling 23,026 acres and 77 State easements, totaling 8,529 acres. Harford County also has 1,592 acres in County districts and 10,992 acres in County easements.

Howard County

The current levels of Agricultural Transfer Tax revenues and local transfer tax revenue are sufficient to provide for the interest payments to easement holders associated with the zero-bonds purchased by the County over the past ten (10) years. The purchasing of easements through the county bond program has reached the \$55 million limit established by the County Council in 1988. As a result, the County easement buying effort is starting to rely on easements dedicated from the cluster development process and the density exchange option.

An Agricultural subcommittee for the Economic Authority and a marketing specialist will be hired. The following is outlined in the initial focus areas of an agricultural marketing effort:

1. Sustaining traditional operations
2. Exploring new agricultural trends
3. Understanding infrastructure needs
4. Consolidating rural service agencies

In March 1996, the County Council made some changes to the zoning regulations to address the quality of preservation parcels resulting from cluster development. These changes accomplished the following:

1. Closed a loophole that allowed an additional dwelling unit on a preserved area of at least 25 acres.
2. Allow the easement for the preserved area to be recorded in phases as well, if a cluster subdivision is recorded in several phases.
3. Require one rather than two easement holders for preservation parcels designed for storm water management and shared sewage disposal systems.

Several changes were proposed to the procedures established in the Density Exchange Option District. These changes provide additional flexibility in order to encourage the use of density exchange option to preserve large undeveloped parcels in the RC Zone.

1. Allow density to be sent from a portion of a sending parcel, rather than requiring the development rights to be removed from the entire sending parcel at one time.
2. Provide more flexibility in timing by allowing the exchange of density to be accomplished before the final plats are recorded for the receiving parcel subdivision.
3. Clarify that a parcel may both exchange some development rights and cluster the remaining rights on a portion of the property.

Currently, Howard County has 49 State districts, totaling 6,282 acres; 27 State easements, totaling 3,956 acres, 132 easement properties totaling 13,470 acres.

Kent County

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

Their proposed program consists of supplementing the MALPF program by augmenting the current funding available to the County. Kent County intends to use the additional 42 percent additional agricultural transfer tax retained for the 60/40 portion of the MALPF Matching Funds Program. The source of funding that Kent County is committed to spend as a qualifying expenditure is a voluntary check-off box program located on a brochure which will be distributed through the local tax mailings and also circulated separately. The premise of the check-off box program is that when individuals are contributing monetarily (writing a check for local property taxes) they are more predisposed to include an additional amount, as opposed to writing a separate check at a different time for the same cause.

Kent County's Agricultural Advisory Board has delineated areas that should be preserved for agricultural uses. Growth is planned to occur in and around existing communities.

The County's Comprehensive Plan has several goals, strategies and techniques proposed which include, but are not limited to establishing a TDR program, exploring a PDR program and encouraging the establishment of the Farm-Link Program.

Currently, Kent County has 71 state districts, totaling 13,324 acres and 34 easements totaling 5,978 acres.

Montgomery County

Montgomery County has 93,252 acres of farmland today. Most of this land is in the Agricultural Reserve and zoned Rural Density Transfer (RDT). Development of farmland has been controlled within the Agricultural Reserve since its creation by adoption in 1980 of the Functional Master Plan for the Preservation of Agriculture and Rural Open Space. In the RDT zone, land may be developed at a density of 1 lot per 25 acres, and additional development rights (TDR's) may be transferred (sold) at the rate of 1 TDR per 5 acres for use in down County receiving areas. There are approximately 70,000 acres of farmland in the Reserve and another 20,000 acres within the Reserve are publicly owned (parkland) or previously developed land (rural villages). Combined farmland preservation efforts in Montgomery County have achieved easements on 48,343 acres or 69% of the total 70,000 acres of farmland in the Agricultural Reserve. Within the Agricultural Reserve, 21,657 acres are still eligible for protection by preservation easements.

The County Agricultural Preservation Advisory Board (APAB) set a goal to protect all farmland in the Agricultural Reserve with easements by the year 2005. This goal can be reached with sustained County, State, and Federal government commitment to preservation programs. Through innovative planning and preservation efforts, Montgomery County will continue to be one of the nation's leaders in programs aimed at the preservation of agriculture and thus ensure agriculture remains a viable component of the County's diversified economy.

During FY'95 and FY'96 Montgomery County expended 16.52% or \$565,363.37 of the total funds of 3,422,425 on easement properties consisting of prime and productive farmland located within the ½ mile Agricultural Reserve edge zoning border between up and down County.

Currently, Montgomery County has 18 State districts, totaling 3,180 acres and 10 State easements, totaling 1,805 acres.

St. Mary's County

St. Mary's County has set an initial goal of 17,000 acres to be preserved through a purchase of development rights program. The County's Tax Credit Program for agricultural land placed in a five year agricultural preservation district was approved in the 1997 Legislative Session. The St. Mary's County Board of Commissioners approved the program making it effective July 1, 1998.

During FY '97 St. Mary's County committed \$65,000 in general funds to the State's matching funds program. In FY'98, \$100,000 in general funds was committed.

During the county's Comprehensive Land Use Plan update process, three agricultural overlay zones were developed as areas to target for agricultural land preservation. Major subdivisions would not be allowed in these zones. The plan also makes provisions for a workable transferrable development rights program. The Plan will go to the Board of County Commissioners for final approval in December.

In 1997, the St. Mary's County Agricultural Land Preservation Advisory Board developed and adopted a ranking system to prioritize properties for easement sale when funds are limited. The Advisory Board is also studying mechanisms for long-term dedicated funding for the St. Mary's County Agricultural Land Preservation program. County funds committed to date are used for participation in the MALPF program.

Currently, St. Mary's County has 34 State districts, totaling 4,948 acres and 14 State easements, totaling 2,177 acres.

Washington County

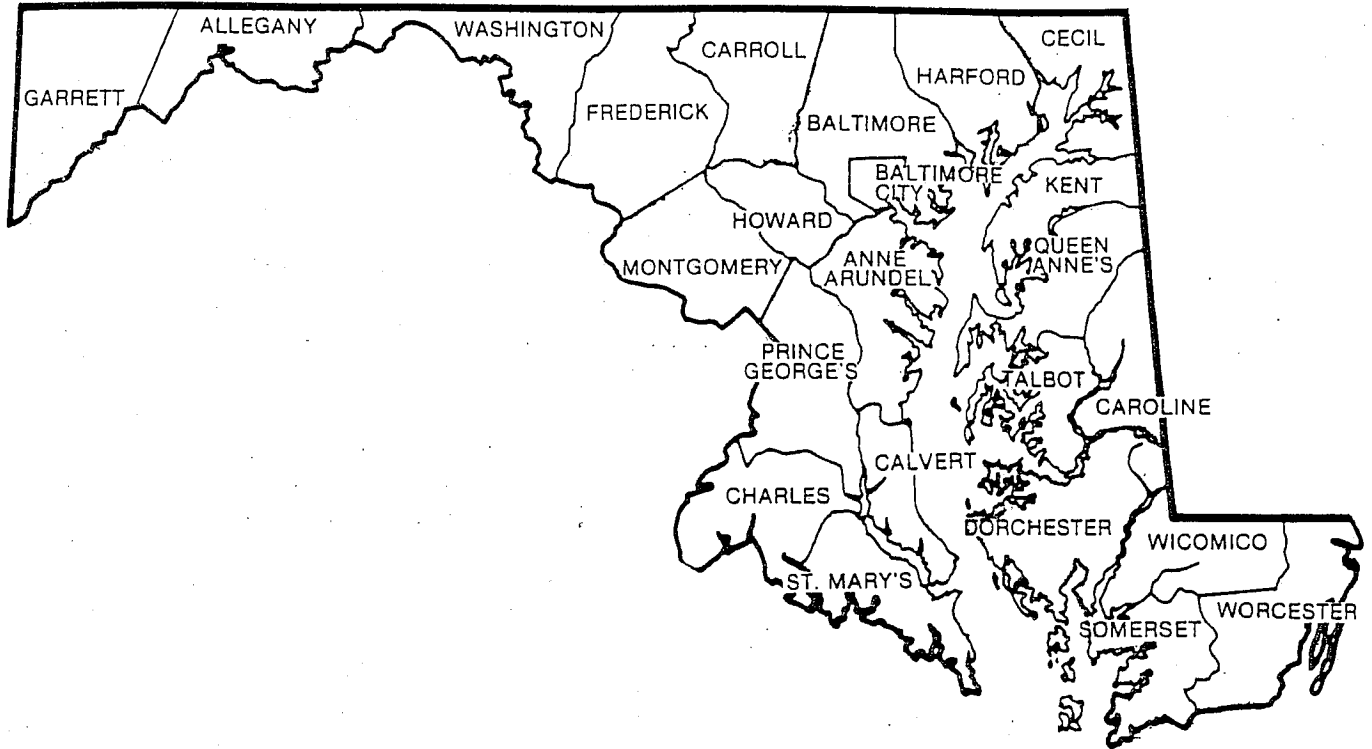
Washington County's goal is to preserve 50,000 acres of prime and productive farmland. Washington County's Comprehensive Plan lists goals and policies relating to agriculture, which include developing a plan policy by which to guide growth and development which is both economically and ecologically sound.

The policies of their Comprehensive Plan say the "highest priority" for rural agricultural areas "are the goals of...preserving agricultural land, conserving open space, conserving water supply sources, conserving mountain, woodland, natural and scenic resources, and development should be in keeping with rural character". High quality agricultural land should be identified and protected from conversion. Clustering should be encouraged by revisions to the zoning ordinance.

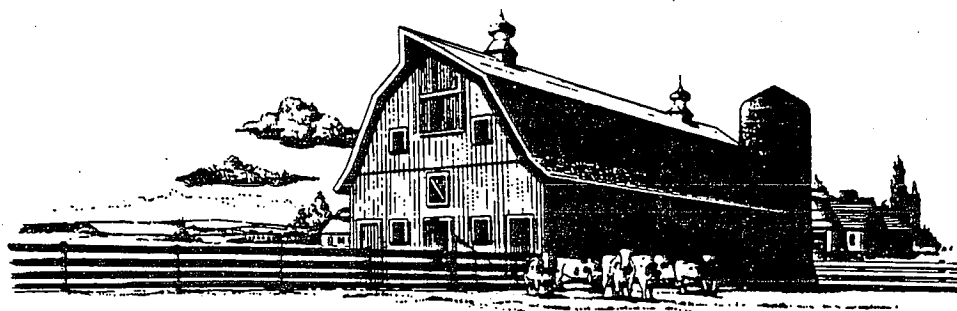
Washington County continues to evaluate the effects of downzoning, TDRs and other preservation alternatives. The farming community continues to be very concerned about the loss of equity and have been diligent to address the loss or perceived loss of equity. The County will continue to purchase easements through funds available, while monitoring acres lost to development. The county will also continue to pursue other sources of funding to consider other options for permanent preservation.

Washington County recognizes that the purchase of development rights continues to be the backbone of their preservation efforts. However, they also recognize that the MALPF program will not be sufficient if they are to reach their goal of 50,000 acres of permanently preserved farmland. Therefore, they are vigorously pursuing the Rural Legacy Program to gain additional funds for the purchase of easements. The County is also proceeding with the rewriting of the Comprehensive Plan.

Currently, Washington County has 174 State districts, totaling 23,570 acres and 24 State Easements totaling 5,012 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, 1996 through June 30, 1997. 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 '97, a total of 7.236 acres were released from district restrictions and a total of 11.632 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.

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 '97, the total payback amount for lot exclusions in easement properties equaled \$9,671.41. To date, the cumulative total payback amount for lot exclusions, since 1982 is \$122,917.93.

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 if only 1.00 acre is excluded with them. The law may allow up to 2 acres to be excluded if necessary for septic reserve. Under this scenario, a payback will be

required for the extra 1 acre prior to its release.

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 '97. 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.

Eleven (11) districts were terminated during FY '97 after meeting the minimum five (5) year commitment along with a few partial terminations. Together, 1,393 acres were deducted from the program's acreage base during FY '97.

Since the program began, a total of 191 districts covering 30,773 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 '97, there was a net decrease of 65.7189 acres due to adjustments from deeds. The total net loss from such adjustments to date, since the program first began, totals 678.7117 acres.

The total acreage reductions from all sources recorded between July 1, 1995 and June 30, 1996, total 1,477.7534 acres.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

ACREAGE REDUCTIONS IN DISTRICTS OR EASEMENT PROPERTIES

RECORDED FROM JULY 1, 1996 TO JUNE 30, 1997

(*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 HARDSHIP		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											
BALTIMORE	-1.1320	\$2,264.00						-1	-56.8950	-0.2300	-58.2570
CALVERT								-1	-46.8700		-46.8700
CAROLINE	-1.0000	699.84									-1.0000
CARROLL	-2.0000	601.08	-2.0000					-1	-174.6277	-25.1280	-203.7557
CECIL	-1.0000	3,000.00	-1.0000					*	-11.3730	-2.2510	-15.6240
CHARLES											
DORCHESTER			-1.0000							-3.8200	-4.8200
FREDERICK	-1.0000	N/A						*	-1.4728	-4.7700	-7.2428
GARRETT	-3.2500	809.61						-3	-333.1100		-336.3600
HARFORD	-1.0000	1,188.00								-1.2049	-2.2049
HOWARD											
KENT										-0.1400	-0.1400
MONTGOMERY											
PRINCE GEORGE'S											
QUEEN ANNE'S	-1.2500	1,108.88								-0.2550	-1.5050
ST. MARY'S								-1	-126.8300		-126.8300
SOMERSET								-1	-112.2500	-16.7700	-129.0200
TALBOT			-2.0000					-1	-121.5700		-123.5700
WASHINGTON			-1.2360								-1.2360
WICOMICO								-2	-408.1680	-2.9100	-411.0780
WORCESTER										-8.2400	-8.2400
TOTAL	-11.6320	\$9,671.41	-7.2360					-11	-1,393.1665	-65.7189	-1,477.7534

FY '97 DISTRICT PARTICIPATION

In FY '97 the Foundation approved the establishment of 154 new agricultural land preservation districts protecting an additional 18,574.7711 acres. This is almost two times the acres preserved in FY '96 and represents a 59% increase to last year's total.

The adjusted total acreage base of recorded and approved district properties as of June 30, 1997 was 303,285.9678 acres covering 2,277 individual district properties!

There were 11 district terminations totaling 1,393 acres during FY '97. 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.

Acreage adjustments from deeds resulted in a decrease of 65.7189 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 (286,181 acres) and then subtracting the total acreage adjustments from full and partial terminations, district lot exclusions and acreage adjustments from deeds during FY '97 (1,477.7534 acres), the adjusted total acreage base of recorded and approved district properties as of June 30, 1997 was 303,285.9678 acres, covering 2,277 individual district properties.

During FY '97, Caroline County enrolled the most district acreage in the program with seventeen (17) new agricultural districts being established covering 2,629 additional acres. Kent County was close behind adding 2,065 acres to the

program during FY '97, while Carroll County also added 17 new properties with 2,058 acres! Other counties that added at least 1,000 acres during the year included Baltimore (1,588 acres), Frederick (1,175 acres), Harford (1,511 acres) and Queen Anne's County (1,356 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 are 101,015 district acres, or 33.3% 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 99,941 acres or 33% of the total district acreage base. In the Western Region (Garrett, Allegany, Washington and Frederick) a total of 49,645 acres or 16.4% were enrolled in the program. In the Southern Region (Anne Arundel, St. Mary's, Calvert, Charles and Prince George's) there is a total of 28,846 acres enrolled in the program, which represents 9.5% of the total district acreage base. The Lower Shore (Dorchester, Wicomico, Worcester and Somerset) has a total of 23,839 acres or 7.8% of the total district acreage base.

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.

The Maryland Agricultural Land Preservation Foundation Program continues to preserve quality farmland and relies on the continued coordination and cooperation of local governments and, of course, the willingness of landowners.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
 FY '97 DISTRICT PARTICIPATION

COUNTY	Recorded Districts As Of June 30, 1996		Approved During FY '97		District Terminations *includes partial terminations		Acreage Adjustments		Total Recorded and Approved Districts As Of June 30, 1997		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	7,994.7634	11	898.9439					93	8,893.7073	3.0%
BALTIMORE	259	23,128.2309	16	1,588.1560	-1	-56.8950		-0.2300	274	24,659.2619	8.1%
CALVERT	47	6,048.6492	1	82.0000	-1	-46.8700			47	6,083.7792	2.1%
CAROLINE	250	34,063.1831	17	2,629.2574					267	36,692.4405	12.1%
CARROLL	342	42,011.8442	17	2,057.7670	-1	-174.6277	-2.0000	-25.1280	358	43,867.8555	14.5%
CECIL	84	13,429.6399	3	584.9400	*	-11.3730	-1.0000	-2.2510	87	13,999.9559	4.6%
CHARLES	53	8,476.3230	4	443.6736					57	8,919.9966	3.0%
DORCHESTER	42	6,771.1290	4	989.5800			-1.0000	-3.8200	46	7,755.8890	2.6%
FREDERICK	121	19,082.6241	13	1,175.1465	*	-1.4728		-4.7700	134	20,251.5278	6.7%
GARRETT	37	5,531.5558	3	289.1700	-3	-333.1100			37	5,487.6158	1.8%
HARFORD	194	21,515.4874	14	1,511.2750				-1.2049	208	23,025.5575	7.6%
HOWARD	49	6,281.8034							49	6,281.8034	2.1%
KENT	59	11,259.8562	12	2,064.5670				-0.1400	71	13,324.2832	4.3%
MONTGOMERY	17	2,911.5380	1	268.5227					18	3,180.0607	1.0%
PRINCE GEORGE'S	0	0							0	0	0.0%
QUEEN ANNE'S	131	23,541.8154	10	1,355.9510				-0.2550	141	24,897.5114	8.2%
ST. MARY'S	27	4,229.4613	8	845.7130	-1	-126.8300			34	4,948.3443	1.6%
SOMERSET	30	4,462.1050	1	159.6900	-1	-112.2500		-16.7700	30	4,492.7750	1.5%
TALBOT	65	10,649.3908	4	501.3750	-1	-121.5700	-2.0000		68	11,027.1958	3.6%
WASHINGTON	164	22,771.7340	10	799.9200			-1.2360		174	23,570.4180	7.7%
WICOMICO	55	7,988.6645	5	325.7500	-2	-408.1680		-2.9100	58	7,903.3365	2.6%
WORCESTER	23	3,695.6945						-8.2400	23	3,687.4545	1.2%
TOTAL	2,134	286,180.6911	154	18,574.7711	-11	-1,393.1665	-7.2360	-65.7189	2,277	303,285.9678	100%

* Indicates partial termination of District Acreage

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

REGIONS	FY '94	FY '95	FY '96	FY '97
WESTERN:				
Garrett				
Alleghany	17.0%	16.6%	16.7%	16.4%
Washington	44,639 acres	46,012 acres	47,703 acres	49,645 acres
Frederick				
CENTRAL:				
Carroll				
Baltimore	35.3%	34.0%	33.5%	33.3%
Harford	93,199 acres	94,419 acres	95,850 acres	101,015 acres
Montgomery				
Howard				
SOUTHERN:				
Anne Arundel				
St. Mary's	9.6%	9.4%	9.6%	9.5%
Calvert	25,502 acres	25,980 acres	27,523 acres	28,846 acres
Charles				
Prince George's				
UPPER SHORE:				
Queen Anne's				
Talbot	31.3%	32.0%	32.2%	33.0%
Cecil	82,714 acres	89,895 acres	92,197 acres	99,941 acres
Kent				
Caroline				
LOWER SHORE:				
Dorchester				
Wicomico	6.8%	8.0%	8.0%	7.8%
Worcester	17,932 acres	21,387 acres	22,908 acres	23,839 acres
Somerset				
TOTAL ACREAGE	263,986 acres	277,693 acres	286,181 acres	303,286 acres

REGIONAL ANALYSIS: PERCENTAGE OF TOTAL EASEMENT ACREAGE

REGION	FY '95*	FY '95**	FY '96	FY '97
WESTERN:				
Garrett	14.9%	14.0%	14.0%	13.4%
Alleghany				
Washington	16,485 acres	16,973 acres	17,495 acres	18,657 acres
Frederick				
CENTRAL:				
Carroll	39.5%	39.1%	38.9%	37.4%
Baltimore				
Harford	46,387 acres	47,545 acres	49,770 acres	52,263 acres
Montgomery				
Howard				
SOUTHERN:				
Anne Arundel	7.0%	7.1%	7.0%	7.1%
St. Mary's				
Calvert	8,465 acres	8,676 acres	8,973 acres	10,009 acres
Charles				
Prince George's				
UPPER SHORE:				
Queen Anne's	33.5%	33.8%	33.4%	34.4%
Talbot				
Cecil	39,276 acres	41,020 acres	43,160 acres	48,138 acres
Kent				
Caroline				
LOWER SHORE:				
Dorchester	6.0%	6.0%	6.7%	7.7 %
Wicomico				
Worcester	6,704 acres	7,264 acres	8,633 acres	10,761 acres
Somerset				
TOTAL ACREAGE	117,318 acres	121,478 acres	128,031 acres	139,828 acres

* Cycle One FY '95 Information Only
 ** Cycle Two FY '95 Information Only

EASEMENT ACQUISITION PROGRAM

FY '97 Easement Acquisition

Average values of all accepted offers during FY '97 are analyzed in the facing table by county and for the entire State. For FY '97, after settlement, a total of 11,808 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 '97. 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 84 properties approved for easement sale and accepted by the landowner during FY '97 is 141 acres, up from 132 acres in the previous cycle. The average asking price was \$1,470 per acre, which was slightly less than the asking prices of the prior cycle. The average easement value for FY '97 was \$2,193 per acre, which was lower than last cycle's average of \$2,205 per acre.

The average acquisition cost is usually less than the average asking price and the appraised easement value because each of its components are selected from the lower of the two values.

The FY '97 average acquisition cost was \$1,382 per acre, which is 10% lower than the average acquisition cost during FY '96. The Upper Region provided 39% of the accepted offers. The Foundation is proud of its ability to provide service to all qualified farms rather than targeting specific areas under intense development pressure which would escalate land values.

The acceptance of 84 out of 88 easement offers made during this cycle shows a total acquisition cost of \$16,324,722 of which \$1,000,000 or 6% were Federal Funds from the Federal Farmland Protection Program, \$11,775,415 or 72% were State Funds and

\$2,595,277 or 16% were County Matching Funds plus any additional funds committed by the counties. Carroll County contributed an additional \$954,030 toward the total acquisition cost for Carroll County. Anne Arundel and Baltimore counties also contributed additional funds towards the total acquisition costs.

A total savings of \$9,450,159 in FY '97 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 were considered a discount to the State. A landowner may be willing to sell an easement to the State at a discounted value to ensure that they will receive a better ranking, which increases their chance of receiving an easement offer.

Using the \$1,382 average acquisition cost per acre as a unit of measure for FY '97, the Foundation was able to purchase an additional 6,838 acres due to the competitive bidding component of the program.

Maryland continues to be the most cost effective land preservation program in the county, which is due largely to competitive bidding.

During FY '97, a total of 84 out of 88 easement offers were accepted, which will permanently protect 11,808 acres.

During FY '97 the Foundation made nine Insufficient funds offers, of which seven were accepted. These provided a discount of \$439,703.96 to the Foundation. In some cases, the County added additional funds to help offset the shortage of funds.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
FY '97 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	424.0000	212	3,600	4,978	516	4,463	3,095	1,312,111	459,195
BALTIMORE	5	615.3698	123	3,383	6,580	738	5,842	3,413	2,100,248	1,436,274
CALVERT										
CAROLINE	6	645.0610	108	629	1,785	802	983	630	406,585	225,833
CARROLL	17	1,523.8336	90	1,904	3,030	689	2,341	1,816	2,767,382	621,060
CECIL	9	1,505.9465	167	1,433	4,945	734	4,211	1,409	2,122,546	3,165,284
CHARLES	1	355.3400	355	1,400	1,383	437	946	943	335,015	0
DORCHESTER	6	921.0800	154	733	1,920	692	1,228	699	643,822	481,440
FREDERICK	5	642.0000	128	1,788	3,000	674	2,326	1,741	1,117,418	386,083
GARRETT	1	102.2900	102	1,500	2,500	489	2,011	1,500	153,435	52,253
HARFORD	3	357.5400	119	2,167	3,495	662	2,835	2,072	740,710	210,630
HOWARD										
KENT	3	403.8100	135	1,233	2,877	922	1,955	1,036	418,180	350,377
MONTGOMERY										
PRINCE GEORGE'S										
QUEEN ANNE'S	10	1,702.7266	170	1,022	2,361	697	1,664	955	1,625,421	1,204,353
ST. MARY'S	1	256.2000	256	2,000	1,601	406	1,195	1,186	303,836	0
SOMERSET	2	293.8700	147	500	1,099	475	625	498	146,435	36,502
TALBOT	5	724.2000	145	1,0333	2,272	739	1,533	1,063	769,532	343,955
WASHINGTON	3	421.7700	141	1,483	2,870	563	2,307	1,506	635,017	341,211
WICOMICO	3	356.2000	119	1,567	1,568	652	916	903	321,640	0
WORCESTER	2	557.2100	279	850	1,552	568	988	728	405,390	135,709
TOTAL	84	11,808.4475	141	1,470	2,848	655	2,193	1,382	16,324,722	9,450,159

EASEMENT PARTICIPATION

FY '97 Easement Participation

Easement acreage under contract status in FY '97 was the highest number acquired since 1988. Over the last several years the Foundation has acquired between 50-60 properties each year. During FY '97, 84 properties out of the 88 offers made were accepted, protecting 11,808 acres and were placed under contract status.

The easement participation chart on the opposite page reflects the easements which were acquired during FY '97.

The FY '97 Easement Acquisition provided a 9.5 % increase to last year's total of 50 for a current total of 968 Easement properties permanently protecting 139,828 acres. This is significantly more than any other program of its kind in the United States.

This too, is a record in the fact that 95% of the offers made by the Foundation were accepted. The highest acceptance rate prior to this was during the FY '94 Cycle Two Easement Acquisition Program when there was a 96% acceptance rate.

In comparing individual county progress for FY '97 Queen Anne's County had the most acreage preserved, spread over ten properties adding 1,703 acres to last year's grand total of 10,333 county acres permanently preserved.

Carroll County has added the second largest acreage increase with 1,524 acres, preserving seventeen (17) new properties and still holds the title for the most acreage permanently preserved in the State.

Close behind Carroll County was Cecil County with a total of 1,506 acres.

Carroll County committed an additional \$954,030 in County money, using 100% County funds above and beyond their local matching fund commitment, which was used to help acquire easements in FY '97.

Significant activity also occurred in Dorchester and Talbot Counties adding to their permanently preserved acreage base as a result of FY '97 Easement Acquisition Offers.

Although some of these increases during FY '97 are modest, it reflects a strong commitment to preserve farmland on behalf of the landowners, the counties and the State during tight financial times.

Easement acreage under contract status in FY '97 was the highest number acquired since 1988!

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
EASEMENT PARTICIPATION

County	Easement Acquired Or w/ Contract Status As Of June 30, 1996.		Easements Offered & Accepted FY '97		Less Recorded Lot Exclusions from Easements	Total Easements Acquired Or w/ Contract Status As Of June 30, 1997		% Of Total
	Number	Acreage	Number	Acreage		Number	Acreage	
Allegany	1	183.2920				1	183.2920	0.1%
Anne Arundel	28	3,275.4377	2	424.0000		30	3,699.4377	2.6%
Baltimore	108	11,767.7784	5	615.3698	-1.1320	113	12,382.0162	8.9%
Calvert	24	3,454.9193				24	3,454.9193	2.5%
Caroline	132	18,552.7039	6	645.0610	-1.0000	138	19,196.7649	13.7%
Carrroll	184	24,068.8278	17	1,523.8336	-2.0000	201	25,590.6614	18.3%
Cecil	37	6,059.4339	9	1,505.9465	-1.0000	46	7,564.3804	5.4%
Charles	2	321.7500	1	355.3400		3	677.0900	0.5%
Dorchester	12	2,467.3320	6	921.0800		18	3,388.4120	2.4%
Frederick	54	9,420.5465	5	642.0000	-1.0000	59	10,061.5465	7.2%
Garrett	21	3,299.0240	1	102.2900	-3.2500	22	3,398.0640	2.4%
Harford	74	8,172.8608	3	357.5400	-1.0000	77	8,529.4008	6.1%
Howard	27	3,955.7802				27	3,955.7802	2.8%
Kent	31	5,573.8652	3	403.8100		34	5,977.6752	4.3%
Montgomery	10	1,805.2078				10	1,805.2078	1.3%
Prince George's	0					0	0	0.0%
Queen Anne's	54	10,332.7320	10	1,702.7266	-1.2500	64	12,034.2086	8.6%
St. Mary's	13	1,920.8210	1	256.2000		14	2,177.0210	1.6%
Somerset	12	2,070.2980	2	293.8700		14	2,364.1680	1.7%
Talbot	10	2,639.6530	5	724.2000		15	3,363.8530	2.4%
Washington	21	4,590.6350	3	421.7700		24	5,012.4050	3.6%
Wicomico	24	3,311.3480	3	356.2000		27	3,667.5480	2.6%
Worcester	5	787.0000	2	557.2100		7	1,344.2100	1.0%
Total	884	128,031.2480	84	11,808.4475	-11.6320	968	139,828.0635	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 29. 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 20 years, a total of 968 applicants of the 1,451 easement applicants have accepted easement offers made by the Foundation representing a 67% acceptance rate. The land contained on the 968 farms that have accepted the Foundation's easement offer total 139,828 acres. This adjusted figure takes into consideration a total reduction of 11,632 acres from lot exclusions in FY '97. Historically, the average farm size continues to be 144 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 \$1,325 per acre. Historically, as indicated on the chart on the opposite page, since 1977, the average easement value has been \$1,463 per acre. However, the average historic acquisition cost

increased \$22 to \$1,122 per acre from last year's historic average of \$1,100 per acre. Landowners have discounted their asking price substantially. This is done 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 is expressed not only in total dollars saved by competitive bidding but also the additional easement acres acquired each year determined by dividing the discount amount by the acquisition cost per year for that year.

In addition, 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 \$45,924,495. In theory, this allowed the State to purchase 40,931 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 ADDTL ACRES TOTAL AMT.
					FAIR MARKET AVG. PER ACRE TOTAL AMT.	AGRICULTURAL AVG. PER ACRE TOTAL AMT.	EASEMENT AVG. PER ACRE TOTAL AMT.		
1977 to 1992	$\frac{67 \text{ of } 1,117}{61\%}$	98,619.0680	acres	$\frac{\$1,185 \text{ /acre}}{\$116,842,664}$	$\frac{\$2478 \text{ /acre}}{\$244,329,575}$	$\frac{\$1373 \text{ /acre}}{\$135,396,466}$	$\frac{\$1,105 \text{ /acre}}{\$108,933,634}$	$\frac{\$986 \text{ /acre}}{\$97,268,157}$	$\frac{11,401.06 \text{ /acres}}{\$11,241,449}$
1993 Cycle One	$\frac{30 \text{ of } 34}{88\%}$	3,409.8848	114 acres	$\frac{\$1,800 \text{ /acre}}{\$6,139,699}$	$\frac{\$3083 \text{ /acre}}{\$10,512,281}$	$\frac{\$770 \text{ /acre}}{\$2,626,202}$	$\frac{\$2,313 \text{ /acre}}{\$7,886,080}$	$\frac{\$1,522 \text{ /acre}}{\$5,191,335}$	$\frac{1,770.53 \text{ /acres}}{2,694,746}$
1993 Cycle Two	$\frac{29 \text{ of } 33}{88\%}$	4,947.5488	169 acres	$\frac{\$1,375 \text{ /acre}}{\$6,800,926}$	$\frac{\$1,692 \text{ /acre}}{\$8,370,800}$	$\frac{\$489 \text{ /acre}}{\$2,420,904}$	$\frac{\$201.4 \text{ /acre}}{\$9,966,619}$	$\frac{\$1,269 \text{ /acre}}{\$6,281,425}$	$\frac{3,042.39 \text{ /acres}}{\$3,860,789}$
1994 Cycle One	$\frac{22 \text{ of } 26}{85\%}$	3,085.3619	139 acres	$\frac{\$2011 \text{ /acre}}{\$6,204,831}$	$\frac{\$3855 \text{ /acre}}{\$11,895,050}$	$\frac{\$647 \text{ /acre}}{\$1,996,538}$	$\frac{\$3208 \text{ /acre}}{\$9,898,511}$	$\frac{\$1843 \text{ /acre}}{\$5,686,788}$	$\frac{1,968.04 \text{ /acres}}{\$3,627,095}$
1994 Cycle Two	$\frac{27 \text{ of } 28}{96\%}$	3,719.6465	137 acres	$\frac{\$1,840 \text{ /acre}}{\$6,847,498}$	$\frac{\$3459 \text{ /acre}}{\$12,865,700}$	$\frac{\$776 \text{ /acre}}{\$2,887,787}$	$\frac{\$2682 \text{ /acre}}{\$9,977,913}$	$\frac{\$1,428 \text{ /acre}}{\$5,313,523}$	$\frac{3,096.70 \text{ /acres}}{4,422,093}$
1995 Cycle One	$\frac{24 \text{ of } 32}{75\%}$	3,708.2060	155 acres	$\frac{\$1,650 \text{ /acre}}{\$6,119,937}$	$\frac{\$3,037 \text{ /acre}}{\$11,260,350}$	$\frac{\$745 \text{ /acre}}{\$2,760,910}$	$\frac{\$2292 \text{ /acre}}{\$8,499,429}$	$\frac{\$1,443 \text{ /acre}}{5,352,330}$	$\frac{2,022.33 \text{ /acres}}{2,918,222}$
1995 Cycle Two	$\frac{25 \text{ of } 34}{74\%}$	4,160.5525	166 acres	$\frac{\$1,618 \text{ /acre}}{\$6,732,335}$	$\frac{\$3,043 \text{ /acre}}{\$12,662,825}$	$\frac{\$834 \text{ /acre}}{\$3,470,611}$	$\frac{\$2,184 \text{ /acre}}{9,087,226}$	$\frac{\$1,331 \text{ /acre}}{5,539,661}$	$\frac{2,756.42 \text{ /acres}}{3,668,800}$
1996	$\frac{50 \text{ of } 59}{85\%}$	6,575.4135	132 acres	$\frac{\$1,697 \text{ /acre}}{\$11,156,156}$	$\frac{\$2,977 \text{ /acre}}{\$19,577,300}$	$\frac{\$773 \text{ /acre}}{\$5,081,222}$	$\frac{\$2,205 \text{ /acre}}{14,496,078}$	$\frac{\$1,537 \text{ /acre}}{\$10,109,481}$	$\frac{2,629.00 \text{ /acres}}{4,041,142}$
1997	$\frac{84 \text{ of } 88}{95\%}$	11,808.4475	141 acres	$\frac{\$1,470 \text{ /acre}}{17,360,614}$	$\frac{\$2,848 \text{ /acre}}{33,625,725}$	$\frac{\$655 \text{ /acre}}{7,734,524}$	$\frac{\$2,193 \text{ /acre}}{25,891,901}$	$\frac{\$1,382 \text{ /acre}}{16,324,772}$	$\frac{6,838.03 \text{ /acres}}{9,450,159}$
TOTAL	$\frac{968 \text{ of } 1,451}{67\%}$	140,034.1305 LESS: 206.067 139,828.0635	144 acres	$\frac{\$1,325 \text{ /acre}}{\$185,204,660}$	$\frac{\$2,611 \text{ /acre}}{\$363,099,606}$	$\frac{\$1,176 \text{ /acre}}{\$164,375,165}$	$\frac{\$1,463 \text{ /acre}}{\$204,637,391}$	$\frac{\$1,176 \text{ /acre}}{\$156,952,790}$	$\frac{40,930.92 \text{ /acres}}{45,924,495}$

PRESERVATION VERSUS CONVERSION

The graph and table on the opposite page reflect a comparison of preservation versus conversion and covers the period between 1989 and 1997. 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 84 new easement offers made and accepted in FY '97. This represents an increase of 11,808 acres preserved in FY '97.

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 47% 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. It appears that since 1992 the trend was increasing again.

However, this year is the first year since the history of the program that the number of acres converted was almost equal to those preserved!

This year is the first year since the history of the program that the number of converted farmland was almost equal to those preserved

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.

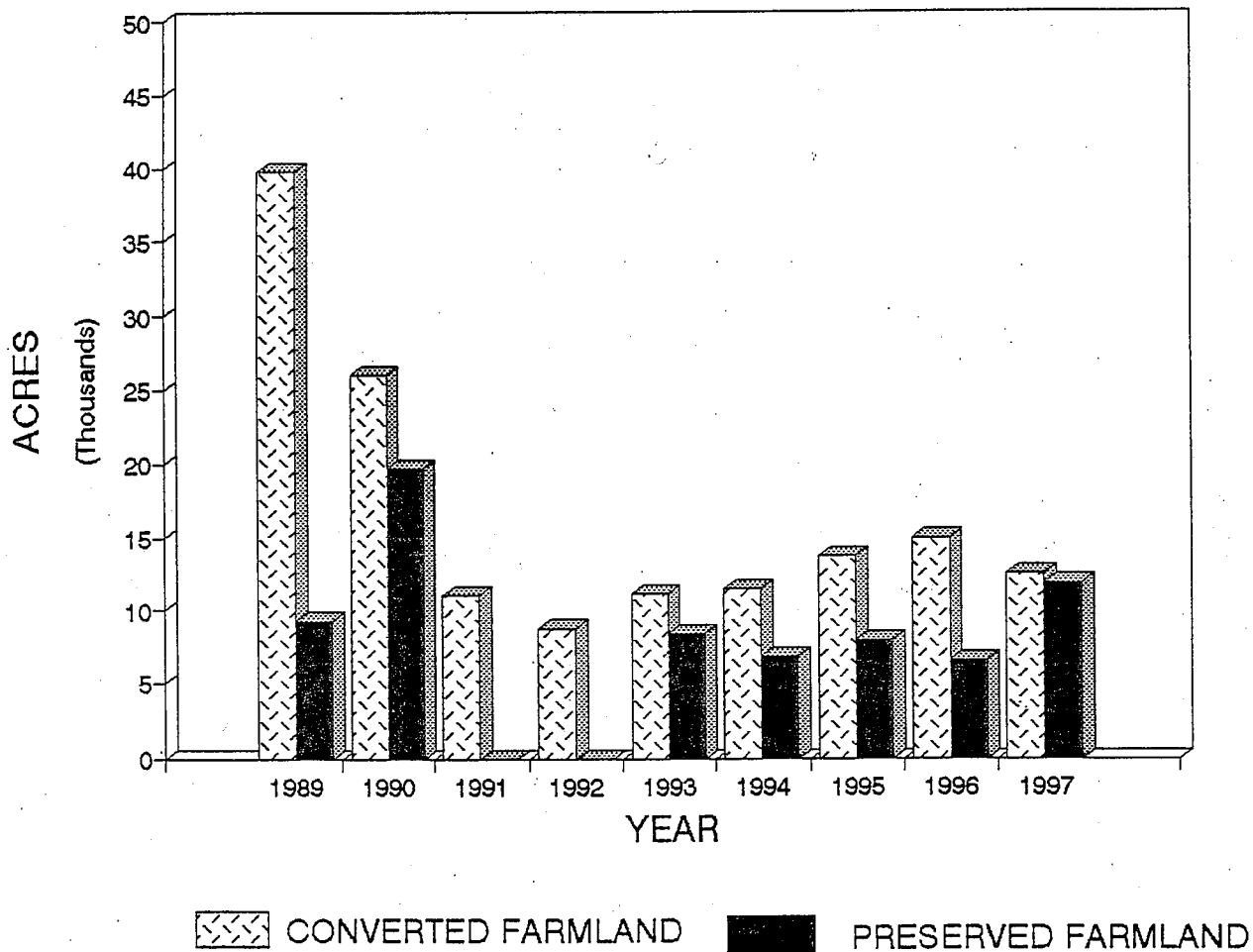
The Foundation is proud of its past accomplishments. However, in spite of being the most successful program of its kind in the country, Maryland's efforts have not been keeping pace with conversion, such that lost farmland far exceeds the amount which has been preserved.

Over the last nine years, Maryland has been losing an average of 16,607 acres per year. With current and recent funding levels, the Maryland Agricultural Land Preservation Foundation has been able to preserve an average of only 7,832 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



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

	1989	1990	1991	1992	1993	1994	1995	1996	1997	TOTAL
CONVERTED FARMLAND	39801	26079	11070	8719	11132	11430	13743	14995	12491	149460
PRESERVED FARMLAND	9301	19768	0	0	8358	6805	7869	6575	11808	70484
DIFFERENCE	-30500	-6311	-11070	-8719	-2774	-4625	-5874	-8420	-683	-79976

**MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
BOARD OF TRUSTEES**

Appointed Members

L. C. Jones, Jr.
610 Nottingham Drive
Salisbury, MD 21804

Allen H. Cohey
231 Rolph's Wharf Road
Chestertown, MD 21620

Ron Kreitner, Director
Maryland Office of State Planning
301 W. Preston Street, Room 1101
Baltimore, MD 21201

Maurice Wiles
5543 Buffalo Road
Mt. Airy, MD 21771

Wayne C. McGinnis, Chairman
19524 Graystone Road
White Hall, Maryland 21161

Robert Miller, Vice Chairman
41 Grove Miller Lane
North East, MD 21901

Mildred Darcy
2506 Ritchie Marlboro Road
Upper Marlboro, MD 20772

W. Drew Stabler
5210 Damascus Road
Gaithersburg, MD 20879

Joseph Scott
11004 Roosner Avenue
Hagerstown, Maryland 21740

Ex-Officio Members

Honorable Louis L. Goldstein
Comptroller
Louis L. Goldstein Building
Room 121
P.O. Box 466
Annapolis, MD 21401-7080

Honorable Richard N. Dixon
Treasurer
Louis L. Goldstein Building
Room 109
Annapolis, MD 21401-7080

Honorable Lewis R. Riley
Secretary
Maryland Department of Agriculture
50 Harry S Truman Parkway
Annapolis, MD 21401-7080

Maryland Agricultural Land Preservation Foundation Staff

Maryland Department of Agriculture
50 Harry S. Truman Parkway
Annapolis, Maryland 21401

Paul W. Scheidt, Executive Director
Iva L. Frantz, Administrative Officer
Carol S. Council, Administrative Specialist
Angela E. Allen, Fiscal Clerk
Karin Kuntz, Secretary

**MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
ADVISORY BOARD CHAIRMEN**

ALLEGANY COUNTY

Mr. Don A. Emerson
565 Braddock Avenue
La Vale, MD 21502
(301) 724-4236

ANNE ARUNDEL COUNTY

Mr. Lewis McDonald
4555 South Pollinghouse Road
Harwood, MD 20776
(410) 867-1888

BALTIMORE COUNTY

Mr. Mark Daneker
210 N. Charles Street
Baltimore, MD 21201
(410) 576-4832

CALVERT COUNTY

Ms. Elaine L. Bailey
4010 Oak Street
Huntingtown, MD 20639
(410) 535-3147

CAROLINE COUNTY

Mr. Richard Edwards
14250 Oakland Road
Ridgely, MD 21660
(410) 634-2761

CARROLL COUNTY

Ms. Ruth Chamelin
1616 Bachmans Valley Road
Westminster, MD 21158
(410) 848-1856

CECIL COUNTY

Mr. Robert L. Knutsen
130 Knutsen Lane
Rising Sun, MD 21911
(410) 658-6325

CHARLES COUNTY

Mr. Leonard Rice
12550 Rice's Place
Newburg, MD 20664
(301) 259-2592

DORCHESTER COUNTY

Mr. Ralph Lewis
4226 Bestpitch Road
Cambridge, MD 21613
(410) 228-7494

FREDERICK COUNTY

Mr. Dwight Dotterer
12127 Buffington Road
Woodsboro, MD 21798
(410) 775-7682

GARRETT COUNTY

Mr. George Bishoff
675 Hoyes Sang Run Road
Friendsville, MD 21531
(301) 746-5502

HARFORD COUNTY

Ms. Amy O'Neill
P.O. Box 394
Forest Hill, MD 21050
(410) 638-9477

HOWARD COUNTY

Mr. James R. Moxley, III
3316 Stapleton Drive
Glenwood, MD 21708
(410) 465-4244

KENT COUNTY

Mr. Robert W. Clark, Jr.
25459 Howell Point Road
Betterton, MD 21610
(410) 778-5791

MONTGOMERY COUNTY

Mr. Edward P. Thompson, Jr.
Post Office Box 72
Barnesville, MD 20838
(202) 659-5170

PRINCE GEORGE'S COUNTY

Mr. Tom Tyson
County Program Administrator
County Administration Bldg.
14741 Gov. Oden Bowie Drive
Upper Marlboro, MD 20771
(301) 952-4712

QUEEN ANNE'S COUNTY

Alan W. Schmidt
140 Schmidt Lane
Sudlersville, MD 21668
(410) 438-3261

ST. MARY'S COUNTY

Mr. James Conrad
43233 Oak Way
Leonardtwn, MD 20650

SOMERSET COUNTY

Mr. Nelson Brice
26461 Asbury Avenue
Crisfield, MD 21817
(410) 651-2783

TALBOT COUNTY

Mr. Philip E. Cuncell, Sr.
11469 Three Bridge Branch Road
Cordova, MD 21625
(410) 822-2471

WASHINGTON COUNTY

Mr. Steve Ernst
13646 Broadfording Road
Clear Spring, MD 21722
(301) 842-3926

WICOMICO COUNTY

Mr. Richard L. Farlow
P.O. Box 176
Pittsville, MD 21850
(410) 835-2130

WORCESTER COUNTY

Mr. Harry J. Mitchell
Worcester Co. Planning Permits and
Inspections
Courthouse, Room 116
Snow Hill, Md 21863
(410) 632-1200

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.

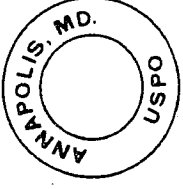
Thank you for working together. Your help and dedication will help us to continue in our mission of protecting some of Maryland's finest farmland.

Sincerely,



Paul W. Scheidt
Executive Director

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



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