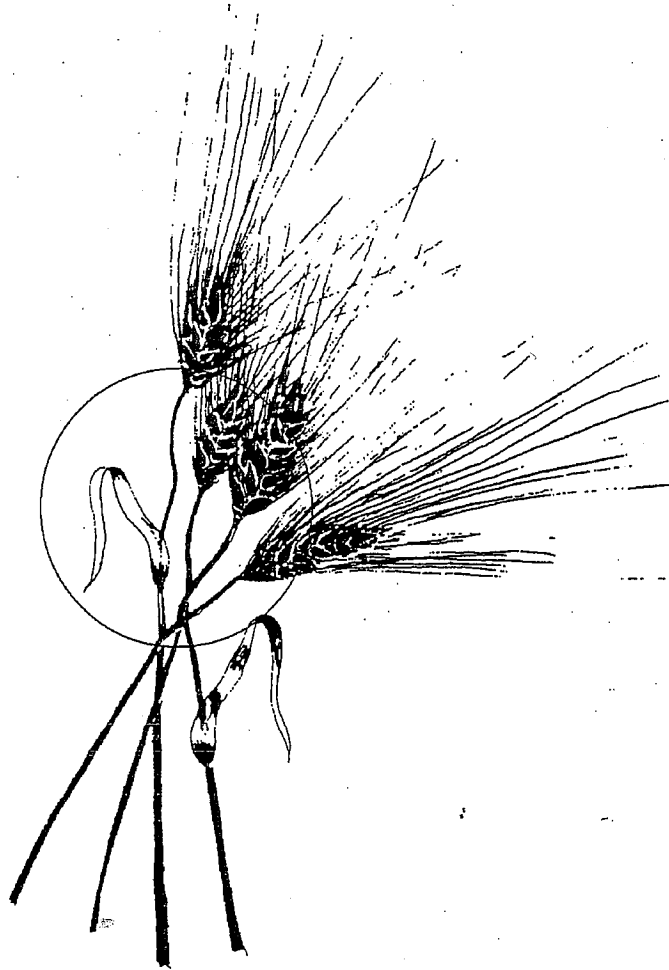


**Maryland
Agricultural Land
Preservation Foundation**

**Annual Report
1998**



MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

ANNUAL REPORT

FOR

FISCAL YEAR 1998

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

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

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STATE OF MARYLAND
DEPARTMENT OF AGRICULTURE

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION

November 1, 1998

The Honorable Parris N. Glendening, Governor
The Honorable Thomas V. Miller, Jr., President of the Senate
The Honorable Casper R. Taylor, Speaker of the House

Gentlemen:

We are pleased to present the 1998 Annual Report of the Maryland Agricultural Land Preservation Foundation and are proud to announce that this year marks the twentieth year of the program's operations. The information in this report summarizes the activity that the Foundation has experienced during the past fiscal year. The Maryland Agricultural Land Preservation Foundation has permanently preserved more farmland acres than any other state in the nation. With the strong support of the legislature and the agricultural community, we hope to protect and preserve much more of Maryland's prime and productive farmland in the future.

During the past year, an additional 21,279 acres were placed into new agricultural land preservation districts. At the close of FY '98, after accounting for acreage adjustments due to lot exclusions and terminations, the Foundation had a grand total of 2,429 individual farms enrolled in our program protecting 323,031 acres.

Of those acres, and as of June 30, 1998, the Maryland Agricultural Land Preservation Foundation either purchased or has acquired options to purchase perpetual preservation easements on a grand total of 152,288 acres. Since the last annual report, the Foundation has acquired 84 new preservation easements in FY '98 covering 12,470 acres.

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

Handwritten signature of Wayne C. McGinnis in cursive script.

Wayne C. McGinnis, Chairman
Board of Trustees

Handwritten signature of Henry A. Virts, D.V.M. in cursive script.

Henry A. Virts, D.V.M.
Secretary of Agriculture

Handwritten signature of Paul W. Scheidt in cursive script.

Paul W. Scheidt
Executive Director

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

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

By preserving agricultural land, the Foundation also protects the quality of life that makes Maryland unique. Today, the Maryland Agricultural Land Preservation Program is the most successful program of its kind in the nation and has perpetually preserved more farmland than any other State in the union. 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 IS THE PROGRAM FUNDED?

Funding for the Maryland Agricultural Land Preservation Foundation (MALPF) is made up entirely of special funds. Historically, the two main sources of revenue have been (1) a portion of the State's property transfer tax, which is assessed on all real property transfers and (2) the Agricultural Land Transfer Tax, which is imposed on all transfers of title in agricultural land taken out of production.

Funding levels have increased over the past couple of years with the passing of recent legislation that created the State's new Rural Legacy Program, which provides an annual allocation to MALPF. In addition, the program has been successful in applying for, and receiving, Federal grants, made possible by the Federal Farmland Protection Program of the 1996 Farm Bill.

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 Program 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 District Agreements and acquiring, by purchase or donation, agricultural land preservation easements on productive agricultural land within the State of Maryland.

The Program is completely voluntary on the part of the landowner, but is dependent upon the cooperation of local governments. This program requires each local government to appoint a five member agricultural land preservation advisory board to assist the Foundation in dispersing information about the program, creating program rules, regulations and procedures and creating agricultural land preservation "districts."

A district can be an individual farm but it must meet certain criteria as outlined below.

Qualifications and Benefits

To be eligible for district status, a property must have at least 100 contiguous acres with at least 50% of the total soils in the property 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. Smaller properties may qualify under special exceptions or if the property is adjacent to land already enrolled in the Maryland Agricultural Land Preservation Program. For more details about qualifications or benefits or about eligibility of a specific property, contact the Foundation directly, or call the program administrator in the county where the property is located.

The landowner must be willing to maintain the land in agricultural use for a minimum of five (5) years, and be willing to have a document recorded in the land records that would restrict the subdivision and development of land and prevent the land from being used for any commercial, industrial, or residential use during the term of the District Agreement. Under the agreement, agricultural production and woodland production activities are encouraged and protected.

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 a landowner must 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, whichever is lower. The easement value is determined by subtracting the agricultural value of the property from the Fair Market Value of the property (See figure 1 on Page 4). Any offer made by the Foundation 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
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Note: The Foundation's offer to purchase an agricultural land preservation easement on any property will be dependent upon the county's approval of the application to sell an easement, available funds and the approval from the State Board of Public Works.

Figure 1. Easement Value Formula

COOPERATIVE ARRANGEMENTS WITH OTHER AGENCIES/PROGRAMS

Rural Legacy Program

The Maryland Agricultural Land Preservation Foundation and the Maryland Department of Agriculture play a major role in the State's newly created Rural Legacy Program. The new program is jointly 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 encourages 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 original concept was to preserve lands rich in agricultural, environmental, cultural and natural resources. Applicants, or sponsors, are required to identify focus areas, demonstrate the need of preservation, describe resources that will be protected and show their ability to accomplish their goals of preservation in these areas. A focus area can be any area of significant importance, which will be described by the sponsors, who are applying directly for funding. During FY '98, the Rural Legacy Program offered \$23.4 million to its successful first year applicants.

Requirements for proposals included delineating area boundaries, assessing economic value of the areas, addressing landowner participation and commitment to considering easement offers, threat of development, plans for ranking and prioritizing properties, estimated costs of acquiring an easement and other technical assessments.

Twenty-three applications were received for Rural Legacy Designation from twenty of

Maryland's 23 counties. Rural Legacy area designations were requested for more than one million acres of land, nearly a quarter of all privately owned, undeveloped land in Maryland. The total amount of funds requested totaled nearly \$129 million, which would have protected about 54,000 acres of land.

The Rural Legacy Board believes that the grant application for the first cycle of the Rural Legacy Program demonstrates that there is a very high level of public interest in, and local government support for, permanent land conservation in Maryland.

After much consideration of all applications received and conducting an in-depth review of how they met certain criteria, the Rural Legacy Board voted to approve funding for 16 focus areas across the State. These areas included parts of Washington, Frederick, Montgomery, Baltimore, Carroll, Prince George's, Charles, Calvert and St. Mary's counties in the Western Shore, and Cecil, Kent, Queen Anne's, Talbot, Caroline, Dorchester and Worcester Counties on the Eastern Shore of Maryland.

Although most sponsors will acquire easements on their own, the easement document which preserves the land will be a hybrid of the Maryland Agricultural Land Preservation Foundation's (MALPF's) standard easement and the Maryland Environmental Trust easement, reflecting modifications to both. Most of MALPF's terms and conditions will be incorporated into a hybrid easement document with the additional protection features that protect, environmental habitat and/or significant historical or cultural areas.

Landowners who only want to preserve their land for agriculture without agreeing to additional restrictions for habitat, etc., will preserve their land using the standard MALPF easement. Rural Legacy Funds will be used to monitor and enforce that easement. For those who agree to protect other sensitive areas, beyond that which MALPF preserves, monitoring and enforcement will be shared by the local and State agencies involved. Negotiations between landowners and approved sponsors are expected to take place during FY '99.

In addition to receiving donated easements that protect farmland through Rural Legacy, the Foundation will receive additional funds from the collected State Transfer Tax which was approved as part of the Rural Legacy Program and Smart Growth Initiative passed by the legislature and approved by the Governor. In FY '99 the Foundation anticipates to receive an additional \$2,507,101 for the purchase of perpetual preservation easements as a result of this legislation. The revenue will be added to funds received from the State Transfer Tax, Agricultural Transfer Tax and any federal money received.

Future Harvest Project

The Chesapeake Farms for the Future Board was established in July 1995 through the Future Harvest Project. The role of the 19 member Board was to provide a voice for farmland preservation in Maryland and Delaware and reflect on various features necessary to identify important and significant farmland.

The Board has completed its first project, which identified Maryland's and Delaware's most strategic agricultural land and created a series of maps for illustration.

This fall, the Board will begin touring the area to explain how the completed maps can be used as

a land use planning tool (by county governments especially). If communities and government agencies are not interested in using the maps, the board hopes they will, at the very least, understand the importance of being strategic about what farmland they protect.

The mapping project reveals that approximately 63% of the 3.2 million acres in the state that is zoned for agricultural conservation has prime and other productive soils, 32% has important environmental, cultural and/or historic features and 23% has a projected moderate to high increase in development. Approximately 25% of the land zoned for agricultural conservation has two of these assets and 4% has all three of these assets.

At these public hearings, the Board will present information regarding its second major project, the evaluation of existing public and private farmland protection programs and policies in the project region, and developing recommendations for how they can be improved.

In addition to the maps, Farms for the Future describes a model farmland protection program that uses a mix of incentive based and regulatory techniques. The model provides benchmarks that communities can use to measure progress on Farmland protection plans. The report also includes a "cooperative assessment" of how well existing state and local programs are protecting the strategic farmland identified in the map.

Plans are currently underway to create a Farmland Preservation Speakers Bureau, made up of board members and other people from the community including farmers and nonfarmers and farmland preservation skeptics and supporters, who could make presentations at meetings held throughout Maryland and Delaware.

PROPOSAL REQUEST FOR FEDERAL FUNDS

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.

In fiscal years 1996 and 1997, the Commodity Credit Corporation signed cooperative agreements with 41 State and local government entities in 18 States and obligated \$16.2 million in funds to partner in acquiring conservation easements or other interests in land to limit conversion to nonagricultural uses of the land.

Each year since the 1996 Farm Bill was adopted, USDA has asked for proposals from states, tribes, and local governments where this program could be used with existing programs to help acquire conservation easements to protect land with prime, unique, or other productive soil and to limit nonagricultural uses of that land. As reported in last year's Annual Report, Maryland was among the states that qualified to share in the \$35 million in federal funds appropriated in 1996 and received \$1 million, of the \$15 million of federal funds available for 1996.

During 1997, only \$2 million was available in federal funds and the Foundation did not apply for that grant period.

For 1998 an increased allocation of \$17.28 million was available and granted to 19 states, which will be used to purchase development rights and keep productive farmland in use. These new federal, state and local partnerships will ensure the preservation of thousands of acres of our Nation's most vulnerable farmland for generations to come.

Proposals from the following states were selected: California, Colorado, Connecticut, Delaware, Florida, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Washington and Wisconsin. Only one proposal, from Utah, was not approved for any amount.

The Maryland Agricultural Land Preservation Foundation submitted a proposal as a consolidated effort between the State and 18 Counties who expressed an interest in the consolidated effort. The State submitted a modest request for \$5 million. The approved grant amount received was \$1.4 million, which will be shared equally between the counties. Three other states, New York, Pennsylvania and New Jersey received \$1.4 million, the largest sum allotted.

The State's proposal of \$5 million was based on the assumption that 20 counties would participate with a hope for at \$250,000.00 for each jurisdiction. In 1996, the State attempted to do a consolidated effort, but some counties had already started to apply on their own.

Guidance was received from the federal government that only one application is to be submitted from each state, and in the interest of time and energy, a cooperative effort between counties and the State was being pursued. Although the State Natural Resources Conservation Service (NRCS) would entertain an individual county proposal for funding, it would be looked upon less favorably than having a consolidated effort between county and state.

In an effort to target Federal funding to the "best" quality land being offered and being fair and equitable to all counties, the top properties in each county were identified by a prioritization method.

When the application was made for the federal funds in 1996, the list of pending offers was based on the \$1 million awarded to MALPF. The \$1 million was divided equally among all the counties that had easement applications. Substitutions had to be made. 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.

This year, each jurisdiction will elect how they wish to use federal funds. The jurisdictions may choose to use their share of Federal funds as: (1) part of their total matching funds and use it in the normal process of the Maryland Agricultural Land Preservation Foundation, (2) an allocation to be used directly in their local program, or (3) part of an effort to purchase easements in conjunction with an approved Rural Legacy focus area. If a county elects to use their share of federal funds in any way other than filtering it through the Maryland Agricultural Land Preservation Foundation, the county will be responsible for making a 50% match to federal funds received and a separate agreement with NRCS will be required.

Based on the \$1.4 million grant, there will be an equal division of funds between the 18 participating counties of \$77,777.77 per county (14 cents remain due to conservative rounding).

Counties that elect to use their allocation of Federal funds in their own certified program will be required to match \$77,777.77 of local funds to Federal Funds. The combined total of county and federal funds would result in a combined amount of \$155,555.54 being available for easement purchases (plus other available funds in the local program). Furthermore, counties must be able to purchase easements with available local funds and will be eligible to request reimbursement from the Federal Government per the requirements of the Farmland Protection Program after easement acquisitions have settled.

The four counties who have expressed an interest in applying their allocation of federal funds to their local program are:

Anne Arundel County
Baltimore County
Howard County
Montgomery County

Other counties simply elected to continue working through MALPF since it is an already established system. Still others did not have available fund balances to cover the 50% matching fund requirement to receive their share of Federal funds, nor do they have the resources available to purchase easements outright (being reimbursed later). As a result, the following counties will filter their share of Federal funds through the normal process of MALPF as additional funds allocated to their particular county for easement purchases:

Calvert County
Caroline County
Carroll County
Cecil County
Charles County
Dorchester County
Frederick County
Harford County
Kent County
Queen Anne's County
St. Mary's County
Somerset County
Talbot County
Washington County

PROGRAM ISSUES AND ON-GOING STRATEGIES

Land Use Issues

The Foundation's Board of Trustees has been evaluating several land use issues this past year that have received significant public attention. Over the years, and more so this past year, restrictions contained in the Foundation's Deed of Easement have been questioned. More specifically, certain uses of land are indeed commercial but may be allowed under certain conditions or limitations. After all, farming itself is a commercial activity.

Historically, the Foundation has permitted roadside stands for landowners to sell their produce. This was intended to allow the sale of farm products produced on the farm. The Foundation realized, that in order to maintain their clientele, landowners needed the ability to provide other products not produced on the farm. As a result, the Foundation allowed the sale of other products produced on other local farms, but not to exceed 25% of gross sales. The Board felt that this would provide more flexibility to the landowner and eliminate the possibility of creating a large commercial site that resembles a hardware store or country store selling equipment, hats, rakes, shovels, etc.

Other practices or operations have been allowed on a limited basis as long as it does not interfere with current agricultural operations of the farm or restrict potential operations in the future. For example, leasing hunting rights on farm property is allowed. Sporting clays have been allowed as long as the operation is located in an area not being farmed or in the woods and no permanent structures are constructed.

By eliminating all "commercial" activities would be a mistake and would be a disincentive for a landowner to participate in the MALPF program.

The Foundation will continue their discussions on various land uses in relation to their Deed of Easement and the general intent of the program during the next fiscal year.

Listed below are several land use issues which have come up during the last several years:

Sand and Gravel Mining on District/Easement Properties

It has been the Foundation's longstanding practice not to allow the owners of established district and/or easement properties to mine for the extraction of sand, gravel, coal, etc. Since the program's inception, the only properties which have been approved for the extraction of natural resources have been those for which the land was subject to a pre-existing mining or mineral rights sale or lease at the time the district was established.

The Foundation's Regulation 15.15.01.12 states that the Foundation may accept: "only those applications for land which is subject to an existing mining or mineral rights sale or lease, in which the landowner or mineral rights owner or lessee will subordinate their interest to the Foundation's interest with the following exceptions and limitations:

- a) Alterations to surface contours and conversion from agricultural and open space use to mineral extraction use, or both, may occur only as specified by the Foundation in advance of easement acquisition and in accord with remaining mineral rights subsequent to releases, on a case-by-case basis;
- b) Mineral extraction shall be, and remain strictly ancillary to, the agricultural use of the property and shall be limited to the extraction of sand and gravel, shale limestone, crude

petroleum and natural gas, clay, ceramic, and fertilizer minerals and deep-mined minerals, including bituminous coal; and

- c) Reclamation of the subject parcel shall be accomplished in accord with Maryland statutes and regulations.”

The biggest issue with sand and gravel today is the inability for a landowner to mine sand and gravel after he enters the program. Landowners may have significant value in sand and gravel deposits (or other sub-surface natural resources). To many, the extraction of such material may or may not harm the land and due to various improvements to the way these minerals are mined, the land could possibly be mined to actually benefit the farm operation. Whether that benefit is providing income to maintain current operations, or by leveling an area to make it more accessible, the Foundation needs to be aware of the long term affects of such an operation.

To date, the biggest concern in addition to the time component required by a mining operation is the resulting quality of the soils for production. With the extraction of the sand and gravel and the leveling of the topography, one would have to wonder whether the soil type has now changed, which was a necessary component of qualifications for district establishment.

The Maryland Aggregates Association (a private non-profit business association consisting of 65 corporate members engaged primarily in the business of supplying crushed stone, sand and gravel to the building materials industry) addressed the Foundation's Board of Trustees in April, 1998. As a result of the presentation, a site visit was scheduled. The Maryland Aggregates Association is interested in making a proposal before the General Assembly but decided it would be to their benefit to discuss the issue preliminarily with the Board of Trustees.

The site visit showed how topsoil is removed and stored until it is ready to spread back over the land after mining is completed. A demonstration was also given on how the minerals are extracted from the land and several fields that have been reclaimed for agricultural use. The Foundation will continue its discussion on this and other uses during FY '99.

Conservation Reserve Enhancement Program

On October 20, 1997, Maryland became the first state in the country to receive USDA approval of a "Conservation Reserve Enhancement Program" (CREP). The Conservation Reserve Enhancement Program is designed to increase use of certain conservation practices in target areas by offering three benefits to farmers; incentive payments on top of traditional Conservation Reserve Program (CRP) rental rates; higher cost share rates for practice installation, and a voluntary perpetual easement option that pays landowners to retain conservation practices beyond the traditional contract period. Eligible practices include installation of riparian buffers, retirement of certain highly erodible lands, and wetland restoration.

The Conservation Reserve Enhancement Program is a Maryland-specific enhancement of the USDA's Conservation Reserve Program and involves taking land out of production for the purpose of installing eligible Best Management practices on the land. These practices would be installed under a cost share program with federal and state agencies and landowners could receive a significant payment above the standard CRP rental payment for a 10-15 year contract. CREP also offers an additional incentive to preserve the land in perpetuity.

The Foundation has been approached by USDA to allow CREP easements on properties enrolled in MALPF. Therefore, the Foundation is

reviewing this to determine if it would be consistent with their Deed of Easement, regulations and general intent of the program.

MALPF easements are generally placed on the whole farm, with exceptions of any portions saved or excepted out. The easements eligible under CREP are proposed to be small pieces of a farm such as narrow strips of land or wetlands. Areas to be taken out of production would mainly involve, or be used to install buffers of forests or grasses, fencing to contain livestock, or of other practices which will fall under the purview of the CREP. Participants will be able to choose between forested and grassed buffers, but the added environmental benefits of riparian forest buffers will be encouraged by an incentive rate of 70% above the average soil rental rate for the area.

For all other types of restoration projects that fall under the CREP, the incentive rate will be limited to 50% above the average soil rental rate for the area.

Some landowners have expressed interest in CREP on farms that are already under easement. The Foundation would need to determine if those landowners are eligible for CREP. In effect, if the easements are acceptable to MALPF, an additional easement will be placed over top of the MALPF easement to restrict farming on land that the State paid to protect. If landowners with MALPF easements already in place request to participate in CREP, the easements would be of a permanent nature instead of the typical 10-15 year CREP contract.

The purpose of the MALPF program is to preserve and protect agricultural land in perpetuity and make sure that the land is available for agricultural use. It would not, however, be consistent with the program to place an easement over top of a MALPF easement if it would prevent agricultural use of the entire farm.

With CREP the Foundation would be preserving steep slopes, highly erodible land and areas that should not be farmed. For further information about CREP contact the Maryland Department of Agriculture, Resource Conservation Section at (410) 841-5865.

Use of District/Easement Property - Labor Camp

With the many large vegetable operations on the Eastern Shore and the orchards on the Western Shore and other labor intensive operations, the Foundation's Board discussed the issue of allowing a labor camp on property enrolled in the program.

An individual, interested in enrolling in the program contacted the Foundation and asked for clarification from the Foundation regarding the land use of one of his parcels which includes a 1.0 acre lot containing camp housing for migrant tenant workers.

The questions presented to the Foundation and/or raised by the Foundation's Board of Trustees themselves are:

- a) Is a migrant labor camp considered tenant housing?
- b) Can acreage designated for use as a migrant labor camp be included in a new district and/or easement or should it be excluded?
- c) Would the regulations restrict the size of the labor camp and/or the number of tenants that would be permitted in such a labor camp?
- d) Although the landowner states that the tenants will only work on this farm, would it make a difference if the workers were hired out to other farms?

The landowner who originally contacted MALPF owns several parcels of land and hires migrant tenant farmers. The camp housing consists of three (3) mobile homes and three (3) stick built structures which houses a total of 30 tenants during certain times of the year. In addition, the camp contains a rest room and a pump house.

If the buildings were pre-existing a landowner could request to exclude 1.0 acre for each of them, but due to their closeness, it would be a questionable request. The Board of Trustees felt that until this issue can be discussed more thoroughly, it is best to keep the "camp" separate from the district so that landowners do not run into problems down the road. A landowner should withhold enough area from the district at the time of establishment to allow expansion of the operation in the future, if so desired.

Use of easement property for a Country Music Festival

The Foundation was presented with an anonymous request from a landowner as to whether or not a country music festival would be allowed on easement property. The event would involve on-site accommodations for at least 10,000 people, parking for buses and other vehicles, restroom facilities, etc.

The Foundation's Board of Trustees voted to deny permission to use an easement property as the site to hold a music festival as this activity would be considered to be a commercial venture and would not be consistent with the law, regulations, policy and guidelines which govern the Program.

After hearing about the Board's general ruling on such an event, the landowners made themselves known and asked to address the Board of Trustees. Again, they discussed their desires to

hold a music festival, for which they had been planning for 6 months or so prior to making the request.

The Board upheld its decision to deny their request as it is in their opinion considered a commercial activity not consistent with the Deed of Easement and has the potential to adversely affect the agricultural use of the farm. The landowners held the festival despite the Foundation's action but entered into an agreement not to hold another one until the courts decide on the appropriateness of their action and restrictions contained in the Deed of Easement.

Use of Easement Property - 1,000 Foot Buffer for Sludge Storage Facility

An easement property in our program is adjacent to a proposed sewage sludge storage facility. There was opposition of the placement of two storage tanks by neighboring property owners. The proposal for the facility involved the placement of a 1,000 foot buffer area which will be placed, partially, on top of our easement property. The reason for the buffer would be to contain, by a constructed containment berm, any spillage should the tanks fail. Neighbors complained because they feel the containment buffer expanded onto the easement property and the use is inconsistent with the Deed of Easement's restrictions and covenants.

This issue raised certain questions such as how vigilant does the Foundation want to be regarding industrial uses by an easement landowner. Does the Foundation want to discourage an owner's using part of an easement property for a buffer zone in order to obtain a permit for industrial use? Is the allowance of a buffer zone on easement property for an off-site industrial use in accordance with the intent of the easement agreement and the goals of the Foundation?

Although the actual storage facility is on land outside of easement property, the Foundation sent written communication to the County Commissioners encouraging them to consider more closely, surrounding properties, use of land and disposal of sludge regarding land application and truck traffic. The small piece of land used as a containment area on easement property does not appear to conflict with the agricultural operations. However, this too, is being heard in the courts and being appealed to the Court of Appeals.

Use of Easement Property - "Paintball"

"Paintball" is a very controversial issue. This issue was presented to the Foundation's Board of Trustees as a result of a follow up of an easement inspection. The owner of the property was seeking to utilize an existing barn as a place to engage in the game of "paintball". His plans were to charge admission for players to shoot only in the barn and required no new construction, nor did it interfere with the agricultural operation on the farm.

The County had approved a conditional use for the activity of paintball to take place in a pre-existing barn. However, this conditional use was subject to the Foundation's approval. Part of the County's approval was based on admission being charged to cover the cost of the game, insurance, etc. The games were limited to hours on Saturday only.

An on-site easement inspection revealed that activities were taking place outside of the existing barn. There were two fenced areas, each containing structures. The question was raised whether or not this was a violation of the easement requirements.

The Deed of Easement states that land shall be preserved solely for agricultural use and encourages agricultural operations. If any covenants, conditions, limitations or restrictions are breached, the Foundation may file an injunction.

In review of the expanded operation in the field, the Foundation's Board of Trustees felt that this type of activity should not occur on easement acreage as it is not being done for an agricultural purpose.

The landowner believes he has the right to continue his paintball operations and the Foundation is currently in legal discussions concerning this activity. Since this initial request, two other landowners have expressed an interest in operating a paintball course on their land.

PROPOSED REGULATIONS AND POLICY CHANGE

Prioritization of Properties Submitted for Easement Sale

As was reported in last year's Annual Report, the Maryland Agricultural Land Preservation Foundation submitted a bill to the Maryland legislature to be reviewed in the 1998 General Assembly, which would 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.

The proposed bill gave the counties an option to utilize the Foundation's existing way of ranking properties for easement sale through the competitive bidding process OR create a county prioritization method for the Foundation to use when making easement offers. This proposed change would help to preserve the "better quality" farms over marginal land. A county ranking could be utilized to prioritize the best farms for limited funds. Such a ranking could also provide for the opportunity to build on large blocks of already preserved land to keep the area in farms and to keep support services in the area. Lastly, it could help the county meet their own preservation goals. For the State, all the districts would qualify for easement sale and are considered good land as they all have to meet certain criteria before entering the program.

Unfortunately HB 453 did not pass during the 1998 Legislative session. HB 453 was passed unanimously by the House but the Senate had some amendments. The Bill went to conference committee between the House and the Senate on the 3rd reader on the last day of the session. The agreed upon House and Senate modifications did not substantially change the bill, however after

coming out of conference committee, there was not enough time for the bill to be heard and the session ended before a vote was taken.

HB 453 is being resubmitted for this year's legislation with minor modifications and incorporates the amendments made during the conference committee.

Divisions of Land

Last year's Annual Report discussed the issue of Divisions of Land. The Foundation has been considering introducing a 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.

The 1997 Annual Report discussed the draft proposal and what it would entail.

There has been a lot of controversy about divisions of land and subdivision of land. Each has a certain meaning with complications. The Foundation evaluated many different aspects last year and tried to incorporate those changes into one bill. However, it was put on hold and thought to be better if they were handled separately. Comments were to be solicited from the agricultural community including the Farm Bureau, Maryland Grange, Agricultural Land Preservation Advisory Boards and the Agricultural Commission. However, not many comments were received. After much consideration, the Foundation is still discussing changes which would result in major changes to the program. These changes may include the following:

- 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 purpose 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.

Since these are complicated issues, the Board of Trustees will continue to discuss them during FY '99.

Paying Landowners Additional Funds When Survey Reveals Additional Acres

Oftentimes, problems have arisen when not all properties submitted for easement sale have a clear description of land which can verify total acreage in a property. A survey is required to show that there is at least the amount of acreage that we thought was being submitted. The cost of any survey is the landowner's responsibility.

Due to limited funds, it has been the policy of the Foundation to: 1) reduce payment to a landowner if less acreage is found in the property after obtaining a survey and 2) not increase payment to a landowner if more acreage is found in the property after obtaining a survey. The landowner would have the option of continuing on with settlement or reapplying on more acreage in the next cycle.

This policy was used because of the significant administrative issues that are involved with Board of Public Works approvals, ranking formula, matching fund arrangements with counties, etc. Additionally, there is the issue of whether additional acreage creates additional development value per appraisal.

Current language in the Option Contract states, "...if a greater acreage is found than that stated in this Option Contract, then the "Grantee", at its option may either declare this Option Contract null and void, or may elect to proceed under this Option Contract, agreeing to pay for any increased acreage based on a ratio of the total acreage and the agreed contract price."

Listed below is a summary of the Policy Review Committee's recommendation to the full Board which was approved:

- a) Foundation policy will be to pay additional funds to the landowner if additional acreage is found by survey.
- b) The Foundation will allow a 2% margin of error to be acceptable without changing the easement offer. (Example: if a property was thought to have 135 acres, and the survey indicated acreage to be between 132.3 to 137.7 acres, no change will be made to the easement offer.)

If more acreage is revealed than that allowed in the 2% margin of error, the Foundation will agree to pay the landowner additional money based on the survey acreage. The revised offer will need to go back to the Board of Trustees and then be presented to the Board of Public Works for approval of the increased value. If approved, the Foundation's offer would be adjusted in favor of the landowner.

If less acreage is revealed than that allowed in the 2% margin of error, then the Foundation will offer the landowner the option to proceed toward settlement based on the reduced acreage amount that can be verified or allow the landowner to competitively reapply in the next available offer cycle.

- c) Clarify the Foundation's new policy (if approved) in the Easement Application and revise the language in the Foundation's Option Contract.

Although the Foundation's Board of Trustees have agreed with the policy, the general concept of having a 2% margin of error without modifying the purchase price must be approved by the Board of Public Works prior to it being implemented. The proposal will be presented to the Board of Public Works in the fall of 1998 for approval.

1998 LEGISLATION

- ***House Bill 451 - Forests and Parks - Program Open Space - Funds (Passed)***

This bill was submitted for the purpose of creating a Program Open Space Contingency Fund to supplement appropriations from certain capital projects; providing that the Fund is a continuing, nonlapsing, revolving fund consisting of certain funds; authorizing the use of the Fund for certain purposes; requiring the Department of Natural Resources to evaluate each request for an expenditure from the Fund; authorizing the Department to request the Board of Public Works to authorize an expenditure from the Fund under certain circumstances; requiring the Secretary of Natural Resources to provide certain annual reports to the General Assembly, and generally relates to the Program Open Space Contingency Fund.

- ***House Bill 453 - Maryland Agricultural Land Preservation Foundation - Easement (Referred to Conference Committee)***

This bill was submitted by MALPF in order to allow each county governing body to rank easement applications for the Foundation to make easement offers based on locally established priorities in an attempt to acquire the better agricultural land or significant agricultural properties and to build onto already established preservation areas as well as to help counties meet their preservation goals. Counties would have the option to adopt the same ranking method that the Foundation has been using for years. (See Page 14 for more detailed information).

- ***House Bill 552 - St. Mary's County - Real Property - Recordation (Passed)***

This bill was submitted for the purpose of adding St. Mary's County to the list of counties in which recordation by the Clerk of the Circuit Court of instruments affecting property may be done prior to transfer of the property on the assessments records; and generally relates to the recordation of instruments in St. Mary's County.

- ***House Bill 1049 - Recordation and Transfer Taxes - Exemptions for Partnerships; Limited Liability Companies, and Corporations (Referred to Interim Study by Budget and Taxation)***

This bill was submitted to provide an exemption from the recordation tax and the State and County transfer taxes for specified transfers of title to real property to or from a partnership; limited liability company or corporation under specified circumstances (Companion Bill SB 381)

- ***House Bill 1103 - Redeposit of Dredge Spoil - Conditions for Redeposit on Farm or Agricultural Use Land (Unfavorable)***

This bill was submitted for the purpose of prohibiting the redeposit of certain dredge spoil on certain land; authorizing the redeposit of dredge spoil on land under certain conditions; requiring certain assessments of agricultural land prior to the authorization to redeposit of dredge spoil and generally relates to the redeposit of dredge spoil on agricultural land.

-
- *House Bill 1179 - Agricultural Land Preservation - Valuation of Easements (Unfavorable - withdrawn)*

The bill was intended to provide additional funds to landowners after discovering more acreage in a property than what the title deed referenced. However, wording in the bill related to appraisals not surveys. It was referred to the Joint Subcommittee on Program Open Space and MALPF and was later withdrawn as it was being addressed by the Foundation.

- *Senate Bill 129 - Recordation and Transfer Taxes - Estate Planning Exemptions (Unfavorable)*

This bill was submitted to provide an exemption from the recordation of State and County transfer taxes for certain instruments of writing transferring property for estate planning purposes under certain circumstances.

- *Senate Bill 381 - Recordation and Transfer Taxes - Exemptions for Partnerships; Limited Liability Companies and Corporations (Referred to Interim Study by Budget and Taxation)*

This bill was submitted to provide an exemption from the recordation tax and the State and County Transfer taxes for specified transfers to title to real property to or from a partnership, limited liability company or corporation under specified circumstances (Companion Bill HB 1049).

- *Senate Bill 637 - Forest Conservation Program - Agricultural Land Preservation Land - Exceptions.*

This bill was submitted to exempt certain activities on land held in a permanent preservation easement by the Maryland Agricultural Land Preservation Foundation and from certain requirements of forest conservation programs; and generally relates to the forest conservation program.

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 summary of major components and goals in each County program follows:

Anne Arundel County

Major Components:

- Participation in MALPF Matching Fund Program.
- Restrictive Zoning to protect agricultural land from random urban development.
- Local Purchase of Development Rights Program.
- Local Tax Incentive Program.

Goals:

- Goal of 20,000 acres agricultural land recommended by the Agricultural Land and Woodland Oversight Committee to County Executive in 1993.
- To form new preservation areas and build on large nuclei in south county in order to sustain viable farming in Anne Arundel County.
- Preserve areas in and around the towns of Lothian, Davidsonville, Churchton, Harwood and Greenock in the Southern part of the County, which consist of many agricultural land preservation districts.
- Support the Agricultural Industry.

As of June 30, 1998 there were 95 Anne Arundel County properties enrolled in the MALPF program as State Districts, totaling 9,139 acres. Of those properties 30 have been permanently protected by State easements, totaling 3,698 acres. The Anne Arundel County Certified Program has enrolled 37 properties, totaling 1,715 acres and 29 County easements, totaling 2,200 acres.

Baltimore County

Major Components:

- Participation in the MALPF Matching Fund Program.
- Restrictive Zoning to protect agricultural land from random urban development.
- Local Purchase of Development Rights.
- Local Tax Credit Program.

Goals:

- Preserve 80,000 acres of agricultural land.
- Develop and implement a comprehensive strategy for protecting agricultural resources in the County.
- Implement protective zoning in designated agricultural areas.
- Support the Agricultural Industry.

As of June 30, 1998, there were 291 Baltimore County properties enrolled in the MALPF program as State districts, totaling 27,005 acres. Of those properties, 118 have been permanently preserved by State easements, totaling 13,054 acres. The Baltimore County Certified Program enrolled 3 properties, covering 301 acres.

Calvert County

Major Components:

- Participation in the MALPF Matching Fund Program.
- Restrictive Zoning to protect agricultural land from random urban development.
- Local Purchase of Development Rights Program.
- Transfer of Development Rights Program (TDR).
- Purchase and Retirement Funds Program used to enhance the market for TDR's.
- Local Tax Credit Program.

Goals:

- To preserve at least 80% of the 45,000 acres in Farm Communities or Resource Preservation Districts through clustering or land preservation program. Transfer Zones are not allowed and lots created must be clustered.
- Support the Agricultural Industry.

As of June 30, 1998, there were 47 Calvert county properties enrolled in the MALPF program as State Districts, totaling 6,084 acres. Of those properties, 25 have been permanently preserved by State Easements, totaling 3,537 acres. The Calvert County Certified Program has preserved a total of 9,289 acres, through their TDR program, and/or PAR Fund sales.

Carroll County**Major Components:**

- Participation in the MALPF Matching Fund Program.
- Restrictive Zoning to protect agricultural land from random urban development.
- Local Purchase of Development Rights Program.
- Critical Farms Program.

Goals:

- To preserve 100,000 acres through agricultural land preservation easement programs.
- Preserve agricultural land for the production of agricultural products and promotion of related agribusiness.
- All parcels in the Agricultural Zone that meet MALPF criteria will have an equal opportunity to offer to sell an easement.
- Funding to meet the goals will be a priority.
- Non-traditional agricultural pursuits will be supported.
- Support the Agricultural Industry.

As of June 30, 1998, there were 372 Carroll County properties enrolled in the MALPF program as State districts, totaling 45,436 acres. Of those acres, 219 have been permanently preserved by State easements, totaling 28,047 acres. During FY '98, the County enrolled 5 new farms in the County's Critical Farms Program, totaling 578 acres. The Critical Farms Program has helped preserve 22 farms, totaling 2,715 acres.

Charles County**Major Components:**

- Participation in the MALPF Matching Fund Program.
- Restrictive Zoning to protect agricultural land from random urban development.

- Local Purchase of Development Rights Program.
- Local Tax Incentive Program.

Goals:

- To provide low interest loans to farmers interested in alternative crops and supplemental enterprises.
- To implement a program to match young farmers with retiring farmers.
- To implement an agricultural marketing program.
- Allow some agricultural processing in rural areas (subject to performance standards).
- Support the Agricultural Industry.

As of June 30, 1998, there were 63 Charles County properties enrolled in the MALPF program as State districts, totaling 9,860 acres. Of those properties, 5 have been permanently protected by State easements totaling 1,010 acres.

Frederick County**Major Components:**

- Participation in the MALPF Matching Funds Program.
- Restrictive Zoning to protect agricultural land from random urban development.
- Comprehensive Planning.
- Local Purchase of Development Rights Program.
- Local Critical Farms Program.

Goals:

- To preserve prime and productive farmland.
- To protect rural farm and non-farm areas from incompatible land uses in order to maintain the quality of rural environment and prevent urbanization where roads and public facilities are scaled to meet only rural needs.

- To provide critical mass of preserved farmland which would support continued agricultural industries with adopted preservation acreage goal of 100,000 acres.
- To implement a three-part approach: 1) easement programs, 2) restrictive zoning, 3) regional comprehensive plans.
- Support the Agricultural Industry.

As of June 30, 1998, there were 150 Frederick County properties enrolled in the MALPF program as State districts, totaling 22,386 acres. Of those properties, 65 have been permanently preserved by State easements, totaling 11,233 acres. The Frederick County Certified Program has purchased easements independently from the State on 4 properties, totaling 444 acres. Four additional properties were preserved in the Critical Farms program totaling 529 acres. The County also has 32 properties protected by an MET Easement totaling 2,420 acres.

Harford County

Major Components:

- Participation in the MALPF Matching Fund Program.
- Restrictive Zoning to protect agricultural land from random urban development.
- Local Purchase of Development Rights Program.
- Local Tax Incentive Program.

Goals:

- To preserve and protect prime agricultural land in order to promote the continued economic viability of agriculture and the farming community.
- To ensure safe and secure long-term food supply.
- To direct development away from prime agricultural areas of the county.

- To direct development in the Rural Area away from existing farming operations in order to encourage the continuation of farming and reduce residential/agricultural conflict.
- To preserve and promote the rural character of the County as a whole.
- To provide open space and limit the area of land being utilized for residential development.
- To promote a sense of community in planning for the shape and form of communities.
- To preserve and promote rural village communities as focal points for activities and services in the rural area.
- To preserve and protect the natural environment within the county's rural areas.
- To preserve and protect the natural characteristics of the County's rural roadways while providing safe and efficient movement of people and goods.

As of June 30, 1998, there were 228 Harford County properties enrolled in the MALPF program as State districts, totaling 24,762 acres. Of those properties, 84 were permanently protected by State easements, totaling 9,141 acres. The Harford County Certified Program has 1,592 acres in County Districts. In addition, the County has permanently preserved 12,965 acres. There are also 2,532 acres preserved by MET easements and 152 acres in Harford Land Trust easements.

Howard County

Major Components:

- Restrictive Zoning to protect agricultural land from random urban development.
- Local Purchase of Development Rights Program through Installment Purchase Agreements.
- Local Tax Incentive Program.
- Transfer of Development Rights Program.

Goals:

- To preserve 30,000 acres of agricultural land in the non-planned service area through the agricultural preservation program and private land trusts.
- Support the Agricultural Industry.

As of June 30, 1998, there were 49 Howard County properties enrolled in the MALPF program as State districts, totaling 6,282 acres. Of those properties, 27 have been permanently preserved by State easements, totaling 3,955 acres. Howard County's Certified Program has permanently preserved 13,644 acres. There are also 2,432 acres in environmental and historical preservation easements in the rural non-planned service area. The total preservation in the Rural West is over 20,000 acres.

Kent County**Major Components:**

- Participation in the MALPF Matching Fund Program.
- Restrictive zoning to protect agricultural land from random development.

Goals:

- Establish approximately 11,000 acres under district status by January, 2000.
- Establish approximately 6,000 acres under easement status by January, 2000.
- Establish a Transfer of Development Rights program.
- Explore a local Purchase of Development Rights program.
- Update existing zoning ordinances to strengthen the county's current agricultural zoning.
- To have growth occur in and around existing communities.

As of June 30, 1998, there were 78 Kent County properties enrolled in the MALPF program as State districts, totaling 14,550 acres. Of those properties 39 have been permanently preserved by State easements, totaling 7,189 acres.

Montgomery County**Major Components:**

- Participation in the MALPF Matching Fund Program.
- Restrictive zoning to protect agricultural land from random development.
- Local Purchase of Development Rights Program.
- Local Transfer of Development Rights Program (TDR).
- Local Tax Incentive Program.

Goals:

- Save all 70,000 acres in the Agricultural Reserve (25% of the County) by the year 2005. Emphasis on prime and productive farmland.
- Stabilize the farming sector and the eight rural towns and villages in the Agriculture Reserve Area.
- Stabilize the supply of land available for farming, and provide financial benefits for farmers.
- Manage growth, provide open space, economic and aesthetic benefits, fresh food and green space.
- If possible, parks and recreation will be expanded in the agriculture zones, and tree planting and a decrease in chemical runoff will also be encouraged.
- Support of Agricultural Industry.

As of June 30, 1998, there were 24 Montgomery County properties enrolled in the MALPF program as State districts, totaling 4,676 acres. Of those properties, 11 have been permanently preserved by State easements, totaling 2,071 acres. Montgomery County also has preserved 47 properties, totaling 5,130 acres in their local purchase of development rights program. Along with that accomplishment, they have preserved 5 MET properties totaling 1,959 acres and 39,180 acres in their TDR program.

St. Mary's County

Major Components:

- Participation in the MALPF Matching Fund Program.
- Restrictive Zoning to protect agricultural land from random urban development.
- Local Purchase of Development Rights Program.
- Local tax incentive program.

Goals:

- To permanently preserve 17,000 acres of land.
- Update Comprehensive Land Use Plan with mechanisms being proposed to further protect agricultural land.
- Create a new zoning ordinance, which will be created once land use plan is adopted. This will provide a thorough review of allowable uses and cottage industries on agricultural land.
- Support the Agricultural Industry.

As of June 30, 1998, there were 36 St. Mary's County properties enrolled in the MALPF program as State districts, totaling 5,173 acres. Of those properties, 19 have been permanently protected by State easements, totaling 2,544 acres.

Washington County

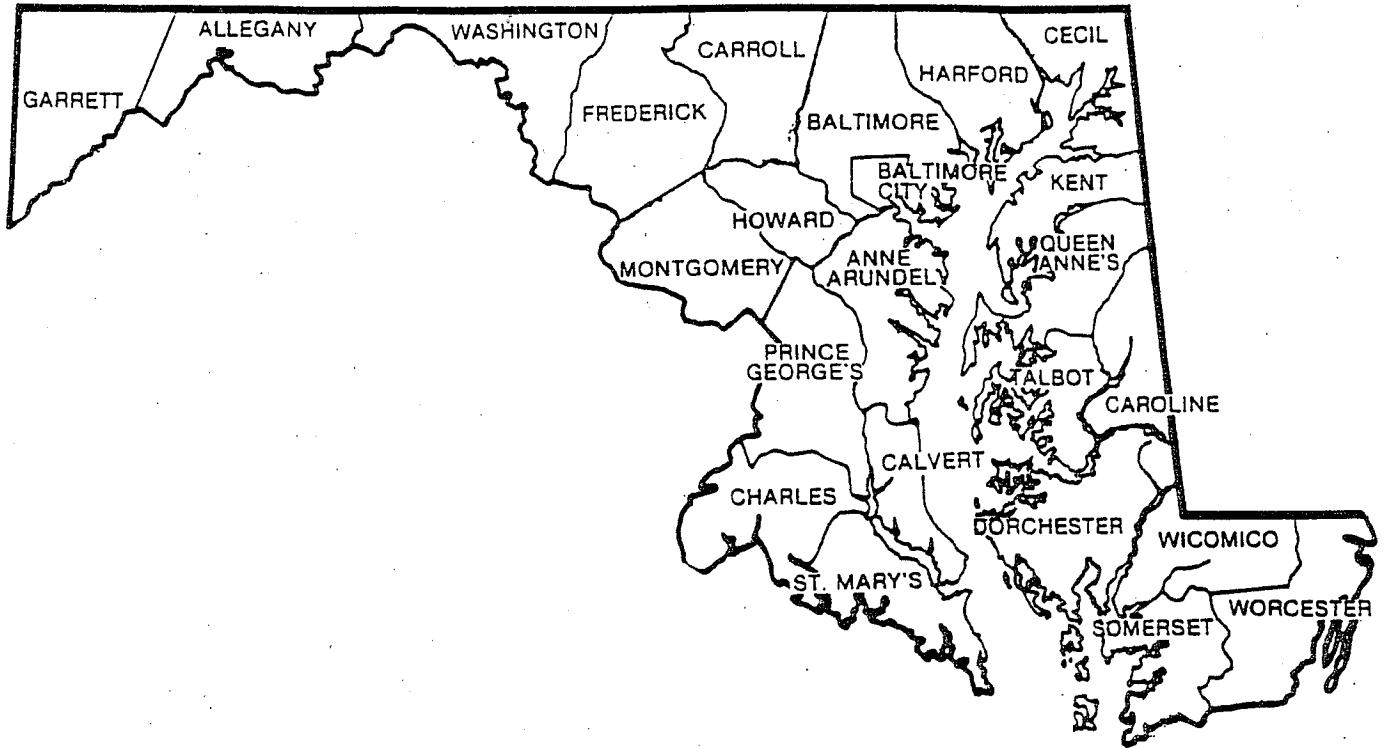
Major Components:

- Participation in the MALPF Matching Fund Program.
- Restrictive Zoning to protect agricultural land from random development.
- Local Purchase of Development Rights Program.
- Local Tax Incentive Program.

Goals:

- Incorporate preservation areas into the Comprehensive Plan (85,000 acres of prime and productive land that are outside of urban growth areas and not scheduled for sewer and water service).
- Preserve 50,000 acres of agricultural land by 2030.
- Exploration of additional mechanisms such as down-zoning, TDRs, easement supplements, additional tax incentives, county based easement purchases, cluster-zoning and conservation easements.
- Monitor changing conditions and respond by implementing needed mechanisms in order to further protect agricultural land.
- Support of Agricultural Industry.

As of June 30, 1998, there were 185 Washington County properties enrolled in the MALPF program as State districts, totaling 25,000 acres. Of those properties, 26 have been permanently protected by State Easements totaling 5,285 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, 1997 through June 30, 1998. 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 '98, a total of 6.00 acres were released from district restrictions and a total of 9.75 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 '98, the total payback amount for lot exclusions in easement properties equaled \$8,600.06. To date, the cumulative total payback amount for lot exclusions, since 1982 is \$131,517.99.

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 '98. 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.

Ten (10) districts were terminated during FY '98 after meeting the minimum five (5) year commitment along with a few partial terminations. Together, 1,479 acres were deducted from the program's acreage base during FY '98.

Since the program began, a total of 201 districts covering 32,252 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 '98, there was a net decrease of 48.7927 acres due to adjustments from deeds. The total net loss from such adjustments to date, since the program first began, totals 727.5044 acres.

The total acreage reductions from all sources recorded between July 1, 1997 and June 30, 1998, total 1,543.9630 acres.

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

RECORDED FROM JULY 1, 1997 TO JUNE 30, 1998

(*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	-2.0000	\$4,000.00									-2.0000
BALTIMORE								-1	-84.1530	+1.0978	-83.0552
CALVERT											
CAROLINE								-1	-121.1710	-15.7560	-136.9270
CARROLL			-1.0000					-3	-336.2473	-1.8015	-339.0488
CECIL								-1	-87.5710	-17.3280	-104.8990
CHARLES											
DORCHESTER										+16.4500	+16.4500
FREDERICK										-2.8700	-2.8700
GARRETT	-1.0000	350.00									-1.0000
HARFORD			-4.0000					-2	-285.2600	-0.2690	-289.5290
HOWARD	-1.0000	1,188.00									-1.0000
KENT											
MONTGOMERY											
PRINCE GEORGE'S											
QUEEN ANNE'S	-4.7500	2,762.06								+6.4840	+1.7340
ST. MARY'S	-1.0000	300.00	-1.0000								-2.0000
SOMERSET										-5.3600	-5.3600
TALBOT								-1	-200.5680		-200.5680
WASHINGTON										-3.7100	-3.7100
WICOMICO								-1	-364.4500	-25.7300	-390.1800
WORCESTER											
TOTAL	-9.7500	\$8,600.06	-6.0000					-10	-1,479.4203	-48.7927	-1,543.9630

FY '98 DISTRICT PARTICIPATION

In FY '98 the Foundation approved the establishment of 162 new agricultural land preservation districts protecting an additional 21,279 acres.

The adjusted total acreage base of recorded and approved district properties as of June 30, 1998 was 323,030.6646 acres, covering 2,429 individual district properties!

There were 10 district terminations totaling 1,479 acres during FY '98. 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 48,7927 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 (303,286 acres) and then subtracting the total acreage adjustments from full and partial terminations, district lot exclusions and acreage adjustments from deeds during FY '98 (1,534 acres), the adjusted total acreage base of recorded and approved district properties as of June 30, 1998 was 323,030.6646 acres, covering 2,429 individual district properties.

During FY '98, Dorchester County enrolled the most district acreage in the program with nineteen (19) new agricultural districts being established covering 2,452 additional acres. Baltimore County was close behind adding 2,429 acres to the program during FY '98. Frederick County added 2,137 acres and Harford County added 2,026 acres.

There were several other counties who also added significant acreage to the program's acreage base.

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 108,160 district acres, or 33.5% of all district acres statewide. The next largest area of distribution is the Upper Eastern Shore (Queen Anne's, Talbot, Cecil, Kent, and Caroline Counties), which represents 103,819 acres or 32.1% of the total district acreage base. In the Western Region (Garrett, Allegany, Washington and Frederick) a total of 53,348 acres or 16.5% 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 30,255 acres enrolled in the program, which represents 9.4% of the total district acreage base. The Lower Shore (Dorchester, Wicomico, Worcester and Somerset) has a total of 27,449 acres or 8.5% 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 '98 DISTRICT PARTICIPATION

COUNTY	Recorded Districts As Of June 30, 1997		Approved During FY '98		District Terminations *includes partial terminations		Acreage Adjustments		Total Recorded and Approved Districts As Of June 30, 1998		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	93	8,893.7073	2	245.5740					95	9,139.2813	2.8%
BALTIMORE	274	24,659.2619	18	2,429.0580	-1	-84.1530		+1.0978	291	27,005.2647	8.3%
CALVERT	47	6,083.7792	0	0.0000					47	6,083.7792	2.0%
CAROLINE	267	36,692.4405	8	993.1530	-1	-121.1710		-15.7560	274	37,548.6665	11.6%
CARROLL	358	43,867.8555	17	1,907.0327	-3	-336.2473	-1.0000	-1.8015	372	45,435.8395	14.1%
CECIL	87	13,999.9559	4	781.3020	-1	-87.5710		-17.3280	90	14,676.3389	4.5%
CHARLES	57	8,919.9966	6	940.1989					63	9,860.1955	3.1%
DORCHESTER	46	7,755.8890	19	2,452.0000				+16.4500	65	10,224.3390	3.2%
FREDERICK	134	20,251.5278	16	2,137.3992				-2.8700	150	22,386.0570	6.9%
GARRETT	37	5,487.6158	3	137.7620					40	5,625.3778	1.7%
HARFORD	208	23,025.5575	22	2,025.5110	-2	-285.2600	-4.0000	-0.2690	228	24,761.5395	7.7%
HOWARD	49	6,281.8034	0	0.0000					49	6,281.8034	2.0%
KENT	71	13,324.2832	7	1,226.0790					78	14,550.3622	4.5%
MONTGOMERY	18	3,180.0607	6	1,495.8839					24	4,675.9446	1.5%
PRINCE GEORGE'S	0	0.0000	0	0.0000					0	0.0000	0.0%
QUEEN ANNE'S	141	24,897.5114	11	1,216.7150				+6.4840	152	26,120.7014	8.1%
ST. MARY'S	34	4,948.3443	2	224.5640			-1.0000	-5.3600	36	5,171.9083	1.6%
SOMERSET	30	4,492.7750	2	145.0400					32	4,632.4550	1.4%
TALBOT	68	11,027.1958	1	97.2200	-1	-200.5680			68	10,923.8478	3.4%
WASHINGTON	174	23,570.4180	11	1,433.3130				-3.7100	185	25,000.0210	7.7%
WICOMICO	58	7,903.3365	6	903.4540	-1	-364.4500		-25.7300	63	8,416.6105	2.6%
WORCESTER	23	3,687.4545	1	487.6500					24	4,175.1045	1.2%
TOTAL	2,277	303,285.9678	162	21,278.9097	-10	-1,479.4203	-6.0000	-48.7937	2,429	323,030.6646	100%

* Indicates partial termination of District Acreage

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

REGIONS	FY '95	FY '96	FY '97	FY '98
WESTERN:				
Garrett				
Alleghany	16.6%	16.7%	16.4%	16.5%
Washington	46,012 acres	47,703 acres	49,645 acres	53,348 acres
Frederick				
CENTRAL:				
Carroll				
Baltimore	34.0%	33.5%	33.3%	33.5%
Harford	94,419 acres	95,850 acres	101,015 acres	108,160 acres
Montgomery				
Howard				
SOUTHERN:				
Anne Arundel				
St. Mary's	9.4%	9.6%	9.5%	9.4%
Calvert	25,980 acres	27,523 acres	28,846 acres	30,255 acres
Charles				
Prince George's				
UPPER SHORE:				
Queen Anne's				
Talbot	32.0%	32.2%	33.0%	32.1%
Cecil	89,895 acres	92,197 acres	99,941 acres	103,819 acres
Kent				
Caroline				
LOWER SHORE:				
Dorchester				
Wicomico	8.0%	8.0%	7.8%	8.5%
Worcester	21,387 acres	22,908 acres	23,839 acres	27,449 acres
Somerset				
TOTAL ACREAGE	277,693 acres	286,181 acres	303,286 acres	323,031 acres

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

REGION	FY '95**	FY '96	FY'97	FY '98
WESTERN:				
Garrett				
Alleghany	14.0%	14.0%	13.4%	13.3%
Washington	16,973 acres	17,495 acres	18,657 acres	20,242 acres
Frederick				
CENTRAL:				
Carroll				
Baltimore	39.1%	38.9%	37.4%	37.0%
Harford	47,545 acres	49,770 acres	52,263 acres	56,465 acres
Montgomery				
Howard				
SOUTHERN:				
Anne Arundel				
St. Mary's	7.1%	7.0%	7.1%	7.2%
Calvert	8,676 acres	8,973 acres	10,009 acres	10,880 acres
Charles				
Prince George's				
UPPER SHORE:				
Queen Anne's				
Talbot	33.8%	33.4%	34.4%	35.0%
Cecil	41,020 acres	43,160 acres	48,138 acres	53,182 acres
Kent				
Caroline				
LOWER SHORE:				
Dorchester				
Wicomico	6.0%	6.7%	7.1%	7.5%
Worcester	7,264 acres	8,633 acres	10,761 acres	11,519 acres
Somerset				
TOTAL ACREAGE	121,478 acres	128,031 acres	139,828 acres	152,288 acres

** Cycle Two FY '95 Information Only

EASEMENT ACQUISITION PROGRAM

FY '98 Easement Acquisition

Average values of all accepted offers during FY '98 are analyzed in the facing table by county and for the entire State. For FY '98, after settlement, a total of 12,470 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 FY '98. 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 '98 is 148 acres, up from 141 acres in the previous cycle. The average asking price was \$1,688 per acre, which was higher than the asking prices of the prior cycle. The average easement value for FY '98 was \$2,364 per acre, which was slightly higher than last cycle's average of \$2,193 per acre.

The average acquisition cost is usually less than the average asking price and the appraised easement value because the acquisition cost of each property will be the lower of these two values.

The FY '98 average acquisition cost was \$1,634 per acre, which is 18.2% higher than the average acquisition cost during FY '97. The Central Maryland Region provided a 37% acceptance rate, while the Upper Region provided a 35% acceptance rate. 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 90 easement offers made during this cycle shows a total acquisition cost of \$20,378,116 of which \$14,880,159 or 73% were State Funds and \$3,120,443 or 15% were County

Matching Funds. The remaining 12% of total funds were made up of additional money provided to purchase easements by a couple of counties where the State had insufficient funds to make a full offer to the landowner.

During FY '98 the Foundation made nine insufficient funds offers, of which six were accepted. These provided a discount of \$283,483.94 to the Foundation. In some cases, the County added additional funds to help offset the shortage of funds.

Baltimore County contributed an additional \$332,450 to acquire an easement unmatched by State funds. Carroll County provided additional funds to make a full offer plus additional funds to purchase the next ranking County easements using 100% County funds. Carroll County provided an additional \$2,045,064 to acquire easements unmatched by State funds.

A total savings of \$7,584,027.11 in FY '98 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 \$1,634 average acquisition cost per acre as a unit of measure for FY '98, the Foundation was able to purchase an additional 4,641 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.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
FY '98 EASEMENT ACQUISITION PROGRAM

COUNTY	NUMBER OF EASEMENTS	TOTAL OF ACRES	AVERAGE FARM SIZE	AVERAGE ASKING PRICE PER ACRE	AVERAGE FAIR MARKET VALUE/ACRE	AVERAGE AGRICULTURAL USE/ACRE	AVERAGE EASEMENT VALUE/ACRE	ACQUISITION COST		DISCOUNT
								PER ACRE	TOTAL	
ALLEGANY										
ANNE ARUNDEL										
BALTIMORE	5	671.5980	134	3,490	5,744	550	5,194	3,410	2,349,527	820,843
CALVERT	1	82.0000	82	4,500	7,390	594	6,796	4,500	369,000	
CAROLINE	7	1,069.636	153	679	1,806	847	959	678	754,729	259,715
CARROLL	18	2,456.9620	136	2,099	3,506	588	2,918	2,099	5,083,220	2,137,155
CECIL	3	807.6600	269	6,600	3,699	628	3,071	2,200	1,560,960	565,739
CHARLES	2	424.1480	212	1,725	2,607	318	2,289	1,331	574,298	319,286
DORCHESTER	2	267.1800	134	913	1,950	732	1,218	913	239,673	76,427
FREDERICK	6	1,171.7470	195	1,408	2,634	614	2,089	1,408	1,567,941	867,208
GARRETT	2	140.4100	70	1,998	1,662	486	1,176	1,176	179,087	
HARFORD	7	611.3000	87	2,643	4,786	631	4,155	2,629	1,534,065	831,510
HOWARD										
KENT	5	1,211.4890	242	1,245	2,842	925	1,918	1,226	1,455,607	548,312
MONTGOMERY	1	265.5227	266	3,950	4,250	685	3,565	3,565	946,716	
PRINCE GEORGE'S										
QUEEN ANNE'S	7	1,003.1190	143	900	2,145	773	1,373	900	882,170	458,780
ST. MARY'S	5	367.8200	74	1,850	2,106	435	1,670	1,647	573,079	14,653
SOMERSET	1	136.0000	136	900	1,449	687	762	762	103,595	
TALBOT	7	1,157.3600	165	1,092	2,575	809	1,764	1,087	1,269,248	489,045
WASHINGTON	2	272.2500	136	1,500	2,750	542	2,208	1,500	409,875	195,354
WICOMICO	1	197.0600	197	2,150	3,704	654	3,050	2,017	397,413	
WORCESTER	2	156.5000	78	970	1,669	844	825	825	127,914	
TOTAL	84	12,469.7617	148	1,688	3,027	666	2,364	1,634	20,378,116	7,584,027

EASEMENT PARTICIPATION

FY '98 Easement Participation

During FY '98, 84 properties out of 90 offers made were accepted, protecting 12,470 acres, which were placed under contract status.

The easement participation chart on the opposite page reflects the easements which were acquired during FY '98.

The FY '98 Easement Acquisition Program added 84 additional easement properties, which is the same number added in FY '97. However, FY '98 yielded 661.31 more acres than last year's total acreage preserved. This is partly a result of larger properties being preserved. The average farm size in FY '97 was 142 acres, while in FY '98, the average farm size was 148 acres. As of June 30, 1998, the Foundation preserved 1,052 easement properties permanently protecting 152,288 acres. This is significantly more than any other program of its kind in the United States.

The highest acceptance rate of easement offers was seen in the FY '94 Cycle Two Easement Acquisition Program when there was a 96% acceptance rate. FY '97 and '98 showed 95% and 93% respectively.

In comparing individual county progress for FY '98 Carroll County had the most acreage preserved, spread over 18 properties adding 2,457 acres to last year's grand total of 25,591 county acres permanently preserved. Carroll County still holds the title for the most acreage preserved in the State.

Kent County has added the second largest acreage increase with 1,211 acres, preserving five (5) new properties.

Other counties also added significant acreage including Frederick with 1,172 and Talbot County with 1,157 acres, Caroline County with 1,070 acres and Queen Anne's County with 1,003 acres.

Carroll County committed an additional \$2,045,064 in County money, using 100% County funds above and beyond their local matching fund commitment, which was used to help acquire additional Carroll County ranking easements in FY '98.

Although some of these increases during FY '98 are modest, it reflects a strong commitment to preserve farmland on behalf of the landowners, the counties and the State during tight financial times.

MARYLAND AGRICULTURAL LAND PRESERVATION FOUNDATION
EASEMENT PARTICIPATION

County	Easement Acquired Or w/ Contract Status As Of June 30, 1997		Easements Offered & Accepted FY '98		Less Recorded Lot Exclusions from Easements	Total Easements Acquired Or w/ Contract Status As Of June 30, 1998		% Of Total
	Number	Acreage	Number	Acreage		Number	Acreage	
Allegany	1	183.2920				1	183.2920	0.1%
Anne Arundel	30	3,699.4377			-2.0000	30	3,697.4377	2.4%
Baltimore	113	12,382.0162	5	671.5980		118	13,053.6142	8.6%
Calvert	24	3,454.9193	1	82.0000		25	3,536.9193	2.3%
Caroline	138	19,196.7649	7	1,069.6360		145	20,266.4009	13.3%
Carroll	201	25,590.6614	18	2,456.9620		219	28,047.6234	18.4%
Cecil	46	7,564.3804	3	807.6600		49	8,372.0404	5.5%
Charles	3	677.0900	2	424.1480		5	1,101.2380	0.7%
Dorchester	18	3,388.4120	2	267.1800		20	3,655.5920	2.4%
Frederick	59	10,061.5465	6	1,171.7470		65	11,233.2935	7.4%
Garrett	22	3,398.0640	2	140.4100	-1.0000	24	3,537.4740	2.3%
Harford	77	8,529.4008	7	611.3000		84	9,140.7008	6.0%
Howard	27	3,955.7802	0	0	-1.0000	27	3,954.7802	2.6%
Kent	34	5,977.6752	5	1,211.4890		39	7,189.1642	4.7%
Montgomery	10	1,805.2078	1	265.5227		11	2,070.7305	1.4%
Prince George's	0	0	0	0		0	0	0.0%
Queen Anne's	64	12,034.2086	7	1,003.1190	-4.7500	71	13,032.5776	8.6%
St. Mary's	14	2,177.0210	5	367.8200	-1.0000	19	2,543.8410	1.7%
Somerset	14	2,364.1680	1	136.0000		15	2,500.1680	1.6%
Talbot	15	3,363.8530	7	1,157.3600		22	4,521.2130	3.0%
Washington	24	5,012.4050	2	272.2500		26	5,284.6550	3.5%
Wicomico	27	3,667.5480	1	197.0600		28	3,864.6080	2.5%
Worcester	7	1,344.2100	2	156.5000		9	1,500.7100	1.0%
Total	968	139,828.0635	84	12,469.7617	-9.7500	1052	152,288.0752	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 27. 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 21 years, a total of 1,052 applicants have accepted easement offers of the 1,541 offers made by the Foundation representing an historic 68% acceptance rate. The land contained on the 1,052 farms that have accepted the Foundation's easement offer total 152,288 acres. This adjusted figure takes into consideration a total reduction of 9.75 acres from lot exclusions in FY '98. Historically, the average farm size is 145 acres.

The historic average asking price of landowners is \$1,354 per acre, which is up slightly from FY '97 figures. Historically, as indicated on the chart on the opposite page, since 1977, the average easement value has been \$1,537 per acre (also up from last year's figures). However, the average historic acquisition cost increased \$43 to \$1,165

per acre from last year's historic average of \$1,122 per acre. Landowners have discounted their asking price substantially. This is done in the 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 by the additional easement acres acquired each year determined by dividing the discount amount by the acquisition cost per year for that year.

The discount value plays a very 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 \$53,508,522.11. In theory, this allowed the State to purchase 45,930.06 additional acres. Therefore, the most cost effective component of the program is distinguished by the nature of the competitive bidding mechanism.

PRESERVATION VERSUS CONVERSION

The graph and table on the opposite page reflect a comparison of preservation versus conversion and covers the period between 1990 and 1998. 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 '98. This represents an increase of 12,470 acres preserved in FY '98.

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 60% of the farmland lost during the past ten years. The amount of farmland being converted to other uses slowed drastically in the early 90's. It appears that since 1992 the trend was increasing again with a slight downward curve over the past two years.

This year is the second year in a row since the history of the program that the number of converted farmland was almost equal to those preserved by MALPF alone.

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 actually 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, it continues to be a struggle to keep pace with conversion.

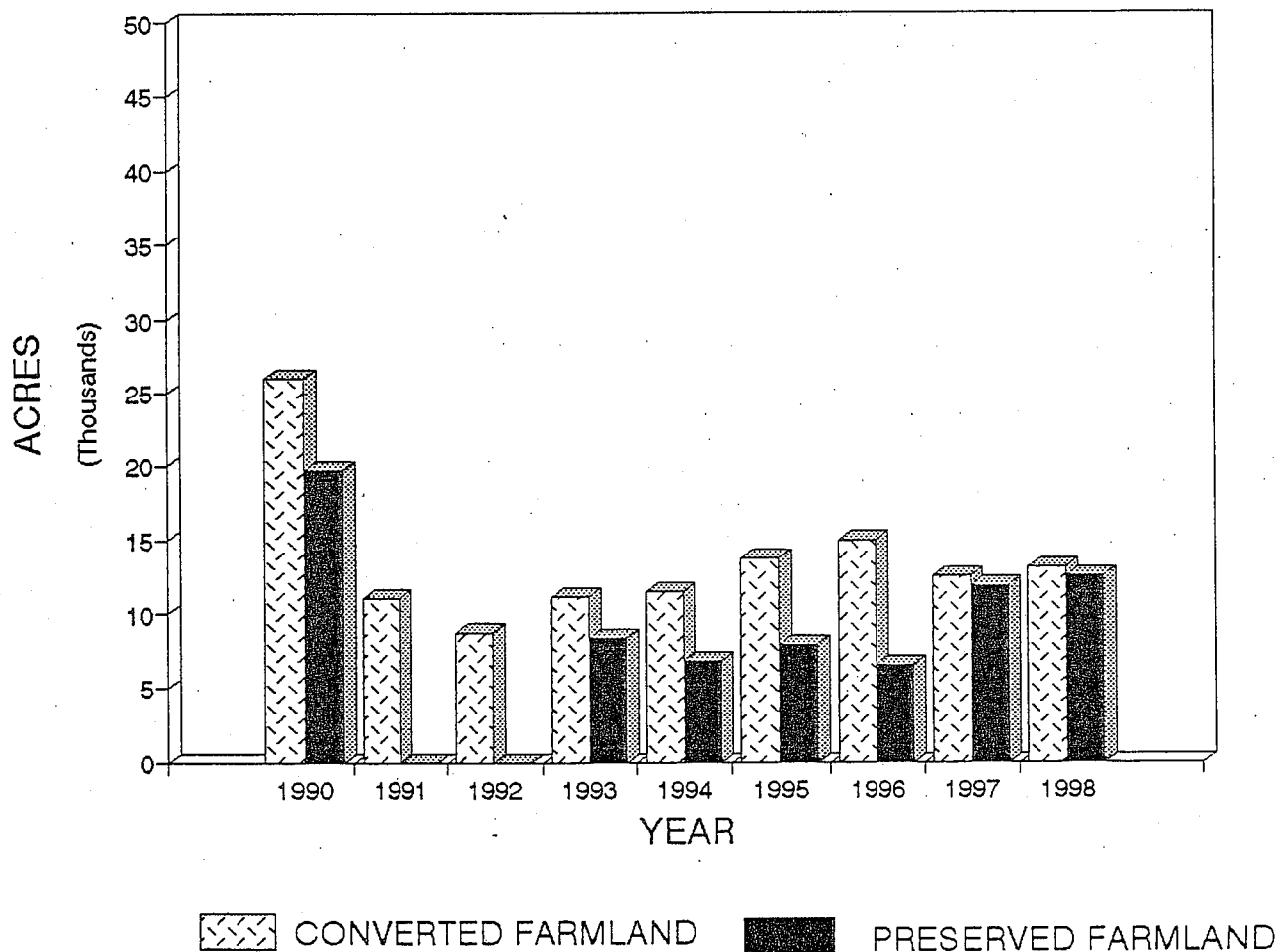
Over the last five years, Maryland has lost an average of 13,147 acres per year. With funding levels over the last 5 years, the Maryland Agricultural Land Preservation Foundation has been able to preserve an average of only 9,105 acres per year.

In order to preserve more farmland and to work closely with other preservation programs, a more concentrated and coordinated effort with local jurisdictions and other programs to preserve our precious land must be made. The time to preserve is now, especially in light of the current economy, low interest rates, the future threat of development and the public support.

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.

Maryland Farmland

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.

	1990	1991	1992	1993	1994	1995	1996	1997	1998	TOTAL
CONVERTED FARMLAND	26,079	11,070	8,719	11,132	11,430	13,743	14,995	12,491	13,078	122,737
PRESERVED FARMLAND	19,768	0	0	8,358	6,805	7,869	6,575	11,808	12,470	73,653
DIFFERENCE	-6,311	-11,070	-8,719	-2,774	-4,625	-5,874	-8,420	-683	-608	-49,084

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SOMERSET COUNTY

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Crisfield, MD 21817
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TALBOT COUNTY

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WASHINGTON COUNTY

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(410) 835-2130

WORCESTER COUNTY

Mr. Harry J. Mitchell
Worcester Co. Planning Permits and
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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.

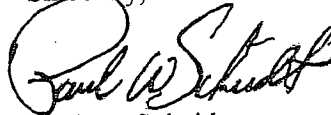
Your dedication in dealing with the State program and your local program contributes to the success of the Maryland Agricultural Land Preservation Foundation.

The Board of Trustees continue to work on a long-term comprehensive review of the Maryland Agricultural Land Preservation Foundation. Many issues have been discussed and many more will be addressed. Hopefully, we will make significant progress during the next fiscal year.

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

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

Sincerely,



Paul W. Scheidt
Executive Director

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



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