

Columbia, Montgomery Village, Churchill (Montgomery County), St. Charles, St. Mary's and Windwood in Anne Arundel County clearly demonstrate the advantages to the public of planned, orderly and staged development. I strongly believe that both of these land use strategies serve to improve the quality of life in Maryland. As a former legislator and as Governor, I have supported these programs. That support will continue.

Three separate provisions of Article 81 are pertinent to consideration of Senate Bill 778. They are: (1) Section 19(b), the agricultural use assessment; (2) Section 19(f), the planned development lands special assessment; and (3) Section 278F, the Agricultural Transfer Tax.

Section 19(b) of Article 81 provides, in substantive part, that lands actively devoted to agricultural use shall be assessed at levels compatible with the continued use of such land for farming. The practical effect of this Section is to provide that farmland in Maryland is assessed based on its value in use rather than upon its potential value for development. Under these provisions, farmland is currently valued for assessment purposes at a maximum of \$400 per acre while the fair market value of the same land in the more urban areas can exceed \$20,000 or \$30,000.

Section 19(f) provides, in substantive part, that lands held for planned development which meet special criteria of size, zoning and governmentally approved plans are eligible to receive a special assessment that is equal to or at the same rate as the agricultural use assessment. In other words, lands meeting the special criteria are valued for assessment purposes at a maximum of \$400 per acre. It should be noted that this value is determined without regard to the present actual use of the land and does not depend on the fair market value of the land for development.

Section 278F provides for the imposition of an Agricultural Transfer Tax upon the sale of land receiving the agricultural use assessment provided by Section 19(b). If the purchaser of the farmland refuses to sign a Declaration of Intent promising to maintain the land in its agricultural use, the Agricultural Transfer Tax is imposed at a rate ranging from 3% to 5% of the consideration paid for the land.

Senate Bill 778 amends Section 19(f) and Section 278F and provides that upon the sale of land receiving the planned development special assessment, the Agricultural Transfer Tax will be imposed in the same manner and to the same extent as it is imposed on the sale of agricultural land receiving the agricultural use assessment. The funds collected would be targeted for State and county agricultural land preservation programs. Thus, with certain exceptions, land that currently receives the planned development special assessment will be subject to the Agricultural Transfer Tax when it is sold should the provisions of this bill become law.