

State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 778.

This legislation imposes the Agricultural Transfer Tax on the transfer of planned unit development lands which have previously received a "special assessment" equivalent to the assessment on land qualified to receive an agricultural use assessment. In my view, it will seriously undermine a significant incentive to planned, orderly and staged development as a viable alternative to the problems associated with urban sprawl. As an additional tax, the bill will increase the cost of housing to both the home builder and the home buyer in these planned communities at a time when the housing industry is struggling to recover from the effects of recession.

Two distinct and innovative Maryland land use strategies are merged by this bill in a manner which undermines and rationale of one approach. Marylanders can justifiably be proud that our State is viewed as a national leader in its efforts to encourage both agricultural land preservation and planned unit or "new town" development. Last year, the Agricultural Land Preservation Fund received approximately \$4,300,000 for the purchase of agricultural easements. At the same time, communities such as 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