

Office of the County Auditor

Auditor's Analysis

Council Bill No. 1-2023

Introduced: January 3, 2023

Auditor: Rebecca Gold

Fiscal Impact:

This legislation will result in an increase in tax credit expenditures, as all eligible Agricultural Land Preservation Program (ALPP) and Maryland Agricultural Land Preservation Foundation (MALPF) property owners will begin receiving the Agricultural Land Tax Credit in perpetuity after the approval of their initial application. Using the Administration's assumptions, the fiscal impact will be an increased tax credit expense of approximately \$100,000 (a 24 percent increase) in Fiscal Year (FY) 2024.

This tax credit will be paid out of the Agricultural Land Preservation Fund. The Administration will need to request sufficient appropriations in the FY 2024 Operating Budget to administer these tax credits.

NOTE: The Tax Year (TY) 2022 and TY 2021 tax credit amounts noted in the testimony differ from those provided in the Administration's testimony. The Deputy Director of Finance has confirmed that the Administration will be revising its testimony shortly to reflect these changes.

Please note that future tax credit amounts may fluctuate annually depending on changes to assessed property values and new additions to the ALPP and MALPF, which cannot be predicted.

Purpose:

Council Bill 1-2023 amends Section 20.122 of the Howard County Code, allowing property owners of eligible ALPP and MALPF properties to receive the Agricultural Land Tax Credit in perpetuity after the initial tax credit application has been approved. This automatic renewal will be effective in TY 2023.

Other Comments:

Our Office noted discrepancies in the stated amount of Agricultural Land Tax Credits between the Administrative Testimony and the "Annual Report of Howard County Tax Credits and Deferrals – FY 2022." We discovered the report had understated the amount of Agricultural Land Tax Credits in FY 2022 by \$151,870.

The Deputy Director of Finance acknowledged this error in the report and confirmed that the Department of Finance would be reviewing the "Annual Report of Howard County Tax

Credits and Deferrals – FY 2022” in its entirety and will reissue the report once the review is complete.