

Office of the County Auditor

Auditor's Analysis

Council Bill No. 53-2025

Introduced: July 7, 2025

Auditor: Rebecca Gold

Fiscal Impact:

The fiscal impact of this legislation will be total expenses of approximately \$2,686,400 over the course of 15 years, paid from the Agricultural Land Preservation Program Fund with local transfer taxes. Anticipated financing and payment terms of this acquisition include:

- A 10 percent down payment of \$230,790
- Fifteen annual principal payments of \$138,474
- Semi-annual interest payments of 2.5 percent of the outstanding principal

We have reviewed the Administration's estimated amortization schedule (**Attachment A**) for this Installment Purchase Agreement (IPA) and found it reasonable. Down payment will occur at settlement (expected by the end of 2025) while principal and interest payments are anticipated to begin on February 15, 2026, according to the Department of Planning and Zoning (DPZ).

The Department of Finance (Finance) confirmed that the Fiscal Year (FY) 2026 Capital Budget authorizes and accounts for the IPA in Capital Project G0164 (the Agricultural Land Preservation Program). The fund balance for this project is expected to be approximately \$12 million at the end of FY 2026, according to Finance. The fiscal impact of the acquisition was accounted for in the Agricultural Land Preservation Program Cash Flow projection, provided to our office in April 2025 (**Attachment B**).

The amount of a potential Agricultural Property Tax Credit is unknown at this time, contingent on if the property owner applies for such. If an application is submitted and approved, the parcel under consideration will receive the Agricultural Property Tax Credit, which equals 75 percent of the County Property Tax imposed on the land included in the easement.

This fiscal impact does not consider the potential loss of additional property tax revenue and other foregone fees that the County would receive if the property were to be developed, along with other associated costs and revenues.

Purpose:

This legislation proposes to enter the County into a multi-year IPA to acquire a 66.7-acre agricultural preservation easement at Long Corner Road in Woodbine (also known as the

Harrison Property) at a cost of no more than \$34,600 per acre (rounded to the next \$100) plus interest.

Other Comments:

Finance states that the County's 2.5 percent per annum financing rate is competitive under current market conditions. The Municipal Market Data rates for AAA issuers range between 3.3 and 4.5 percent for 10-year and 20-year bonds.

Section 4.201A(b)(3) of the County Code requires that the Director of Finance prepare a report which includes the appraised value of the property, the market rate for the area, a schedule of the installment purchase payments, the present value of the property, and an evaluation of the economic benefit to the County of acquiring the property. The Director indicated that this report will be prepared at the time of closing.

Regarding this IPA:

- The County's cost-per-acre is determined using a Price Formula Worksheet that awards points based on the applicant's parcel meeting certain criteria. We verified this parcel's cost-per-acre of \$34,600 based on the Price Formula Worksheet.
- The Agricultural Preservation Board (APB) recommended the acquisition of this preservation easement, according to its Staff Report dated January 27, 2025.

Regarding funds available for this IPA:

- According to the County's financial system, there is approximately \$19.4 million in unobligated funding in the Agricultural Land Preservation Program Capital Project as of July 16, 2025. We estimate that there will be approximately \$17.4 million of funding remaining in Capital Project G0164 after the proposed IPA is approved.
- As of July 16, 2025, the total actual transfer tax revenue for FY 2025 was approximately \$41.4 million, versus the FY 2025 budgeted amount of \$36.0 million.

We noted two variances and requested more information from the Administration:

- There is a \$17,304 variance between the total cost of \$2,686,400 in the amortization schedule and the total cost of \$2,703,704 in the Administration's testimony. Finance indicated that the amount used to prepare the testimony was calculated based on a July settlement. Subsequently, the settlement date was pushed back to November, and the amortization schedule was revised to reflect that. The updated amortization schedule is correct, and the difference lies in the interest amount in the first payment.

- There is a \$400 variance in the payment-per-acre between the APB's Price Formula Worksheet (at \$34,600 per acre) and its Staff Report (at \$34,200 per acre). The total variance at \$400-per-acre for 66.7 acres is \$26,680. The DPZ informed us that the \$400-per-acre variance between the two documents results from the ten discretionary points the APB awarded the Harrison Property at its January 27, 2025, meeting. Discretionary points don't require a specific reason, however in this case, the APB wanted to award points for the farm's contribution as a business that is active in the local agriculture community.

Legislation to acquire a 66.7-acre agricultural preservation easement at the Harrison Property had previously been prefiled with Council Bill 21-2025, but the legislation was withdrawn before introduction.

Attachment A

7/3/2025

Howard County, Maryland
Agricultural Land Preservation Program
Installment Purchase Amortization Schedule

Landowner: **Harrison**
15 Year Amortization - 10% Down

Acres: **66.70**
Price per acre: **\$34,600.00**
Total price: **\$2,307,900.00**

Down Payment **\$230,790.00**

Interest Rate: **2.5000%**
Settlement: **November 1, 2025** **Estimated - subject to change**

Interest: **378,495.67**
Total payments: **\$2,686,395.67**

Date	Principal Amount	Interest	Semi-annual Debt Service	Annual Debt Service	Balance
					\$2,077,110.00
February 15, 2026	138,474.00	15,001.35	153,475.35	153,475.35	1,938,636.00
August 15, 2026		24,232.95	24,232.95		1,938,636.00
February 15, 2027	138,474.00	24,232.95	162,706.95	186,939.90	1,800,162.00
August 15, 2027		22,502.03	22,502.03		1,800,162.00
February 15, 2028	138,474.00	22,502.03	160,976.03	183,478.06	1,661,688.00
August 15, 2028		20,771.10	20,771.10		1,661,688.00
February 15, 2029	138,474.00	20,771.10	159,245.10	180,016.20	1,523,214.00
August 15, 2029		19,040.18	19,040.18		1,523,214.00
February 15, 2030	138,474.00	19,040.18	157,514.18	176,554.36	1,384,740.00
August 15, 2030		17,309.25	17,309.25		1,384,740.00
February 15, 2031	138,474.00	17,309.25	155,783.25	173,092.50	1,246,266.00
August 15, 2031		15,578.33	15,578.33		1,246,266.00
February 15, 2032	138,474.00	15,578.33	154,052.33	169,630.66	1,107,792.00
August 15, 2032		13,847.40	13,847.40		1,107,792.00
February 15, 2033	138,474.00	13,847.40	152,321.40	166,168.80	969,318.00
August 15, 2033		12,116.48	12,116.48		969,318.00
February 15, 2034	138,474.00	12,116.48	150,590.48	162,706.96	830,844.00
August 15, 2034		10,385.55	10,385.55		830,844.00
February 15, 2035	138,474.00	10,385.55	148,859.55	159,245.10	692,370.00
August 15, 2035		8,654.63	8,654.63		692,370.00
February 15, 2036	138,474.00	8,654.63	147,128.63	155,783.26	553,896.00
August 15, 2036		6,923.70	6,923.70		553,896.00
February 15, 2037	138,474.00	6,923.70	145,397.70	152,321.40	415,422.00
August 15, 2037		5,192.78	5,192.78		415,422.00
February 15, 2038	138,474.00	5,192.78	143,666.78	148,859.56	276,948.00
August 15, 2038		3,461.85	3,461.85		276,948.00
February 15, 2039	138,474.00	3,461.85	141,935.85	145,397.70	138,474.00
August 15, 2039		1,730.93	1,730.93		138,474.00
February 15, 2040	138,474.00	1,730.93	140,204.93	141,935.86	0.00
	\$ 2,077,110.00	\$ 378,495.67	\$ 2,455,605.67	\$ 2,455,605.67	

Howard County Maryland																
Agricultural Land Preservation Program (Fund 2023)																
Cash Flow Analysis (10% Down, 2.5% Interest, 15-years)																
		Revenues (Fund 2020)						Expenses								
		Acct 485200		Acct 401550	Acct 409930			Existing Debt Service					Cost of			
	Beginning	Interest on Cash	Acct 432490	State Ag	Transfer Tax								Zero Coupon	Admin		
Fiscal	Fund	Balance Only +	& 489900	Transfer	Receipts	Total		Through	Treasury Strip		Projected	NET DEBT	Bonds or Cash	Costs	Total	Ending
Year	Balance	0.05%	Miscellaneous	Tax		Revenues		Batch 22	Income	Net	Enrollments ⁽²⁾	SERVICE	or 5% Down ⁽¹⁾	3.00%	Expenses	Balance
2016*	13,811,854	53,274	745	105,166	7,892,622	8,051,806		8,256,158		8,256,158		8,256,158	340,085	1,326,804	9,923,047	11,940,613
2017*	11,940,613	45,348	600	125,326	9,476,018	9,647,292		14,774,718	(6,608,200)	8,166,518		8,166,518	566,130	1,469,848	10,202,497	11,385,408
2018*	11,385,408	107,517	24,785	291,059	9,456,530	9,879,891		10,688,627	(1,669,000)	9,019,627		9,019,627	162,930	1,554,016	10,736,573	10,528,726
2019*	10,528,726	290,705	6,000	314,891	7,841,755	8,453,351		9,309,621	(759,000)	8,550,621		8,550,621		1,055,414	9,606,035	9,376,042
2020*	9,376,042	132,640	214,800	928,659	10,035,244	11,311,343		21,769,007	(13,604,000)	8,165,007		8,165,007		878,188	9,043,195	11,644,190
2021*	11,644,190	26,342	97,698	223,293	11,129,962	11,477,295		21,292,147	(14,481,000)	6,811,147		6,811,147	50,580	1,400,601	8,262,328	14,859,157
2022*	14,859,157	(69,240)	26,620	48,591	12,678,631	12,684,602		9,509,764	(3,695,000)	5,814,764		5,814,764	371,055	2,143,795	8,329,614	19,214,145
2023*	19,214,145	471,455	611	73,575	8,398,087	8,943,728		5,940,250		5,940,250		5,940,250	39,525	2,315,888	8,295,663	19,862,209
2024*	19,862,209	1,072,008	730	20,678	7,614,456	8,707,872		16,131,310	(10,250,000)	5,881,310		5,881,310	219,160	2,093,993	8,194,464	20,375,617
2025	20,375,617	10,188		20,000	7,780,000	7,810,188		5,253,493	(20,000)	5,233,493		5,233,493	1,694,740	5,351,763	12,279,996	15,905,809
2026	15,905,809	7,953		20,000	7,780,000	7,807,953		5,951,949	(581,000)	5,370,949	1,191,614	6,562,563		4,500,000	11,062,563	12,651,199
2027	12,651,199	6,326		100,000	7,920,000	8,026,326		10,317,292	(5,245,000)	5,072,292	1,372,739	6,445,031		4,635,000	11,080,031	9,597,493
2028	9,597,493	4,799		100,000	8,160,000	8,264,799		6,955,475	(2,158,000)	4,797,475	1,347,318	6,144,794		4,774,050	10,918,844	6,943,448
2029	6,943,448	3,472		100,000	8,380,000	8,483,472		4,562,014		4,562,014	1,321,897	5,883,911		4,917,272	10,801,183	4,625,737
2030	4,625,737	2,313		100,000	8,600,000	8,702,313		4,055,142		4,055,142	1,296,476	5,351,619		5,064,790	10,416,408	2,911,642
2031	2,911,642	1,456		100,000	8,820,000	8,921,456		3,969,026		3,969,026	1,271,055	5,240,081		5,216,733	10,456,815	1,376,283
2032	1,376,283	688		100,000	9,060,000	9,160,688		1,976,590		1,976,590	1,245,634	3,222,224		5,373,235	8,595,460	1,941,512
2033	1,941,512	971		100,000	9,320,000	9,420,971		1,678,018		1,678,018	1,220,213	2,898,231		5,534,432	8,432,664	2,929,819
2034	2,929,819	1,465		100,000	9,600,000	9,701,465		1,649,527		1,649,527	1,194,792	2,844,319		5,700,465	8,544,784	4,086,499
2035	4,086,499	2,043		100,000	9,880,000	9,982,043		1,512,734		1,512,734	1,169,371	2,682,105		5,871,479	8,553,584	5,514,959
2036	5,514,959	2,757		100,000	10,160,000	10,262,757		1,246,989		1,246,989	1,143,950	2,390,939		6,047,624	8,438,562	7,339,154
2037	7,339,154	3,670		100,000	10,420,000	10,523,670		1,226,189		1,226,189	1,118,528	2,344,718		6,229,052	8,573,770	9,289,053
2038	9,289,053	4,645		100,000	10,720,000	10,824,645		982,779		982,779	1,093,107	2,075,886		6,415,924	8,491,810	11,621,887
2039	11,621,887	5,811		100,000	11,020,000	11,125,811		813,831		813,831	1,067,686	1,881,517		6,608,402	8,489,919	14,257,780
2040	14,257,780	7,129		100,000	11,360,000	11,467,129		671,511		671,511	1,042,265	1,713,776		6,806,654	8,520,430	17,204,478
2041	17,204,478	8,602		100,000	11,680,000	11,788,602		490,187		490,187		490,187		7,010,853	7,501,040	21,492,040
2042	21,492,040	10,746		100,000	12,020,000	12,130,746		437,314		437,314		437,314		7,221,179	7,658,493	25,964,293
2043	25,964,293	12,982		100,000	12,020,000	12,132,982		82,233		82,233		82,233		7,437,814	7,520,048	30,577,228
2044	30,577,228	15,289		100,000	12,020,000	12,135,289								7,660,949	7,660,949	35,051,568
2045	35,051,568	17,526		100,000	12,020,000	12,137,526								7,890,777	7,890,777	39,298,316
Total		12,857,832	631,900	17,270,244	388,969,095			285,281,549	(59,070,200)	226,211,349	18,096,646	244,307,994	23,813,126	131,997,953	400,119,073	