

# HOUSE BILL 1146

M1, Q6

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By: **Delegate Stein**

Introduced and read first time: February 6, 2020

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Forest Conservation – Mel Noland Woodland Incentives Fund – Distribution of**  
3 **Agricultural Land Transfer Tax Revenue**

4 FOR the purpose of requiring that the agricultural land transfer tax revenue attributable  
5 to transfers of parcels of land that are at least a certain percentage woodland, rather  
6 than entirely woodland, be remitted by each county to the Comptroller for certain  
7 purposes; increasing the annual amount of certain revenue that is remitted to the  
8 Comptroller from the agricultural land transfer tax that is deposited into the Mel  
9 Noland Woodland Incentives Fund; requiring the Department of Natural Resources  
10 to use the Mel Noland Woodland Incentives Fund to encourage and write forest  
11 stewardship plans and other forest conservation management plans on privately  
12 owned forest lands; making conforming changes; making technical corrections; and  
13 generally relating to dedicated funding for forest conservation.

14 BY repealing and reenacting, without amendments,  
15 Article – Natural Resources  
16 Section 5–101(f)  
17 Annotated Code of Maryland  
18 (2018 Replacement Volume and 2019 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article – Natural Resources  
21 Section 5–307  
22 Annotated Code of Maryland  
23 (2018 Replacement Volume and 2019 Supplement)

24 BY repealing and reenacting, without amendments,  
25 Article – Tax – Property  
26 Section 13–302(a)  
27 Annotated Code of Maryland  
28 (2019 Replacement Volume)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY repealing and reenacting, with amendments,  
Article – Tax – Property  
Section 13–306  
Annotated Code of Maryland  
(2019 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Natural Resources**

5–101.

(f) “Forest stewardship plan” means a document written by a professional forester who is licensed under Title 7, Subtitle 3 of the Business Occupations and Professions Article, regarding a parcel of land comprising not less than 5 contiguous forested acres that lists activities that enhance or improve forest resources, including soil, water, timber, recreation, and aesthetics over a 15–year period.

5–307.

(a) In this section, “Fund” means the Mel Noland Woodland Incentives and Fellowship Fund.

(b) There is a Mel Noland Woodland Incentives and Fellowship Fund in the Department.

(c) The purpose of the Fund is to finance:

(1) The Woodland Incentives Program and the cost–share assistance established under this subtitle; and

(2) The Mel Noland Fellowship Program established under this subtitle.

(d) The Department shall administer the Fund.

(e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The Treasurer shall hold the Fund separately and the Comptroller shall account for the Fund.

(f) (1) The Fund consists of:

(i) As provided in § 13–306 of the Tax – Property Article, up to  
[\$200,000] **\$500,000** annually of the proceeds of the tax imposed by § 13–302 of the

1 Tax – Property Article that are attributable to the taxation of instruments of writing that  
2 transfer title to parcels of land that are [entirely] **AT LEAST 80%** woodland;

3 (ii) Revenues collected by the Department from the payment of  
4 charges imposed for Department assistance in implementation of an approved practice;

5 (iii) Money distributed from the Chesapeake and Atlantic Coastal  
6 Bays 2010 Trust Fund under § 8–2A–04 of this article;

7 (iv) Subject to approval by the Secretary and the Board of Public  
8 Works, a portion of the revenues derived from the forestry practices on designated lands  
9 owned and managed by the Department, that are conducted in accordance with applicable  
10 State law and regulation; and

11 (v) Money appropriated to the Fund under paragraph (2) of this  
12 subsection.

13 (2) For fiscal year 2021 and each subsequent fiscal year, the Governor shall  
14 appropriate \$50,000 to the Fund.

15 (g) The Department shall use the Fund:

16 (1) To help fund the Woodland Incentives Program and the cost–share  
17 assistance established under this subtitle;

18 (2) To fund the Mel Noland Fellowship Program established under this  
19 subtitle;

20 (3) For administrative costs calculated in accordance with § 1–103(b)(2) of  
21 this article;

22 (4) To offset the costs of the Forest and Park Service for **ENCOURAGING,**  
23 **developing, WRITING,** and approving forest stewardship plans **AND ENCOURAGING AND**  
24 **WRITING OTHER FOREST CONSERVATION MANAGEMENT PLANS** on privately owned  
25 forest lands;

26 (5) To provide annual grants to the forest conservancy district boards  
27 under § 5–605 of this title, to help facilitate their respective outreach efforts to encourage  
28 forest land owners to develop forest stewardship and other forest conservation management  
29 plans;

30 (6) To establish a forest health emergency contingency program to help:

31 (i) Maintain the health and vitality of publicly owned and privately  
32 owned forest lands; and

33 (ii) Prevent or control large degradation caused by natural threats;

(7) To provide financial assistance, as provided in the State budget, for the administration of an urban and community forestry program established under § 5–426 of this title, including:

- (i) Increasing the number of communities with tree canopy goals;
- (ii) Facilitating compliance with the Chesapeake Bay Program’s forestry targets;
- (iii) Supporting the use of urban tree canopy expansion for air quality improvement purposes; and
- (iv) Helping achieve implementation of Regional Greenhouse Gas Initiative offset opportunities in urban areas;

(8) To help fund a forest marketing and utilization program in the Department to provide financial assistance to help support, stimulate, and market innovative and creative ways to enhance the production of value-added wood products;

(9) To help the Department, in cooperation with appropriate public and private sector entities, develop and expand:

- (i) A forest mitigation banking system;
- (ii) A carbon credit or carbon sequestration program;
- (iii) A clean water credit trading system;
- (iv) An environmental services credit trading program; and
- (v) A renewable energy credit trading system; and

(10) To help offset administrative costs for providing staff assistance to the Sustainable Forestry Council established under § 5–204 of this title.

(h) The amount of revenues collected under subsection (f)(1)(i) of this section shall be included in the report required under § 16–103 of the Local Government Article.

(i) (1) The amount of the grants under subsection (g)(5) of this section shall be determined by the Department and eligibility for the grants shall be contingent on each board providing an in-kind match as certified by the Secretary.

(2) For fiscal year 2021 and each subsequent fiscal year, the Department shall direct \$50,000 from the Fund to the Mel Noland Fellowship Program for the purpose of:

(i) Paying stipends to fellows, in accordance with § 5–308 of this subtitle; and

(ii) Offsetting the cost of administering the Mel Noland Fellowship Program, including the cost of recruiting, selecting, and supervising fellows.

(j) On or before September 30 of each year, the Department shall report to the Senate Education, Health, and Environmental Affairs Committee and the House Environment and Transportation Committee, in accordance with § 2–1257 of the State Government Article, on the use of funds credited to the Fund, including an identification of and the reasons for those revenues derived from forestry practices on designated lands owned and managed by the Department that were not credited to the Fund.

(k) (1) The Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any investment earnings of the Fund shall be credited to the General Fund of the State.

(l) Expenditures from the Fund may be made only in accordance with the State budget.

### Article – Tax – Property

13–302.

(a) Except as otherwise provided in § 13–305 of this subtitle, agricultural land transfer tax is imposed on an instrument of writing that transfers title to agricultural land.

13–306.

(a) (1) Except in Montgomery County and except as provided in subsection (b)(1) of this section for a certified county, each county collector shall remit from a special account to the Comptroller, as the Comptroller specifies:

(i) the revenue from:

1. the agricultural **LAND** transfer tax that is attributable to the taxation of instruments of writing that transfer title to parcels of land that are [entirely] **AT LEAST 80%** woodland; and

2. the surcharge imposed under § 13–303(d) of this subtitle; and

(ii) two-thirds of the balance of revenue from the agricultural land transfer tax that remains after the remittance under item (i) of this paragraph.

(2) In Montgomery County, if § 52–21(d) (1979) of the Montgomery County Code is in effect or a transfer tax substantially similar to that provision is in effect, the collector for Montgomery County shall remit to the Comptroller:

(i) the revenue from:

1. the agricultural **LAND** transfer tax that is attributable to the taxation of instruments of writing that transfer title to parcels of land that are [entirely] **AT LEAST 80%** woodland; and

2. the surcharge imposed under § 13–303(d) of this subtitle; and

(ii) one-third of the balance of revenue from the agricultural **LAND** transfer tax that remains after the remittance under item (i) of this paragraph.

(3) The Comptroller shall deposit:

(i) up to **[\$200,000] \$500,000** annually of the revenue remitted under paragraphs (1)(i) and (2)(i) of this subsection or subsection (b) of this section into the Mel Noland Woodland Incentives Fund established in § 5–307 of the Natural Resources Article; and

(ii) of the revenue in excess of **[\$200,000] \$500,000** annually remitted under paragraphs (1)(i) and (2)(i) of this subsection or subsection (b)(1) of this section and the revenue remitted under paragraphs (1)(ii) and (2)(ii) of this subsection or subsection (b)(2) of this section:

1. subject to paragraph (4) of this subsection, for fiscal year 2011 and each fiscal year thereafter, \$2,756,250 into the Maryland Agricultural Land Preservation Fund to be used for the purposes stated in § 2–505 of the Agriculture Article;

2. after the distribution made under item 1 of this item, 37.5% of the agricultural land transfer tax revenue remitted to the Comptroller, up to a maximum of \$4,000,000 annually, into a special fund to be used by the Maryland Agricultural and Resource–Based Industry Development Corporation for the Next Generation Farmland Acquisition Program; and

3. after the distributions made under items 1 and 2 of this item, the remainder into the Maryland Agricultural Land Preservation Fund to be used for the purposes stated in § 2–505 of the Agriculture Article.

(4) For each fiscal year after 2011, the amount distributed into the Maryland Agricultural Land Preservation Fund under paragraph (3)(ii)1 of this subsection shall be increased by 5% over the amount distributed for the preceding fiscal year.

(5) The revenues required to be distributed to the Maryland Agricultural

1 and Resource-Based Industry Development Corporation under paragraph (3) of this  
2 subsection shall be distributed on a quarterly basis on or about the first day of the month  
3 in July, October, January, and April.

4 (b) If a county is certified by the Department of Planning and the Maryland  
5 Agricultural Land Preservation Foundation under § 5–408 of the State Finance and  
6 Procurement Article as having established an effective county agricultural land  
7 preservation program, the collector for the county shall remit to the Comptroller:

8 (1) the revenue from:

9 (i) the agricultural land transfer tax that is attributable to the  
10 taxation of instruments of writing that transfer title to parcels of land that are [entirely]  
11 **AT LEAST 80%** woodland; and

12 (ii) the surcharge imposed under § 13–303(d) of this subtitle; and

13 (2) 25% of the balance of revenue from the agricultural land transfer tax  
14 that remains after the remittance under item (1) of this subsection.

15 (c) (1) In this subsection, “development rights” means the potential for  
16 improvement of a parcel of real property that is measured in dwelling units or units of  
17 commercial or industrial space and that exist because of the zoning classification of the  
18 parcel.

19 (2) Each county collector shall hold the remainder of the revenue in a  
20 special county account for 6 years to be used for an approved agricultural land preservation  
21 program that meets the requirements of this subsection, including use for bond annuity  
22 funds or matching funds.

23 (3) For purposes of this subsection, an approved agricultural land  
24 preservation program is a program to purchase development rights, guarantee loans that  
25 are collateralized by development rights or provide financial enhancements related to  
26 purchase of development rights, for agricultural land that, except as provided in paragraph  
27 (4) of this subsection, meets the minimum standards set by the Maryland Agricultural Land  
28 Preservation Foundation under § 2–509(d) of the Agriculture Article.

29 (4) In lieu of any acreage requirement set by the Foundation under §  
30 2–509(d) of the Agriculture Article, development rights purchased by or collateralizing  
31 loans guaranteed by a county or financial enhancements related to purchase of  
32 development rights under this subsection shall be for agricultural land of significant size  
33 to promote an agricultural operation.

34 (5) (i) Subject to the limitation under subparagraph (ii) of this  
35 paragraph, the funds described in paragraph (2) of this subsection may be used to pay  
36 administrative expenses.

1 (ii) The costs of the administrative expenses may not exceed 10% of  
2 the funds or \$30,000, whichever is the greater.

3 (6) This subsection does not prohibit any county from accepting funds from  
4 private sources and using those private funds to purchase development rights, guarantee  
5 loans that are collateralized by development rights, or provide financial enhancements  
6 related to purchase of development rights.

7 (d) If any revenue in the special county account has not been expended or  
8 committed on or before 6 years from the date of deposit into the county account, the county  
9 collector shall remit that revenue to the Comptroller for deposit in the Maryland  
10 Agricultural Land Preservation Fund.

11 (e) From the agricultural land transfer tax collected by it, the Department shall  
12 remit the county part of the revenue to the collector for the county in which the land is  
13 located for distribution under this section.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
15 1, 2020.