



## House Bill 833

### *Agricultural Land Transfer Tax - Calculation*

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 24, 2016

From: Leslie Knapp, Jr. & Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** HB 833. The bill would clarify how a State-imposed surcharge is applied in the calculation of the state and county agricultural transfer taxes.

In 2008 the General Assembly enacted SB 622, which among other things added a 25% surcharge to the State's Agricultural Transfer Tax. The surcharge was meant to help provide additional funding for the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) and the Maryland Agricultural Land Preservation Foundation.

At the time, MACo took no position on SB 622 as the wide understanding was that the surcharge was separate from the State's agricultural transfer tax calculation and thus would have no effect on the amount of funds collected by a county through its local agricultural transfer tax. This understanding was established through the bill's fiscal note and MACo's communications with SB 622's primary sponsor, Senator Mac Middleton, and MARBIDCO officials.

This understanding was upset by the recent Maryland Court of Appeals decision in *Montgomery County, Maryland v. Jean K. Phillips, et al.*, Misc. No. 20, September Term, 2014 (Filed October 16, 2015). The *Phillips* case essentially held that surcharge was included as part of the State's transfer tax calculation and that local agricultural transfer taxes must be reduced by the amount of the surcharge. HB 833 would merely restore the method of calculation intended by the General Assembly and involved stakeholders.

HB 833 restores how the surcharge was intended to be applied in the transfer tax calculation and would continue to hold county agricultural transfer taxes harmless consistent with the original intent of 2008's SB 622. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report for HB 833.