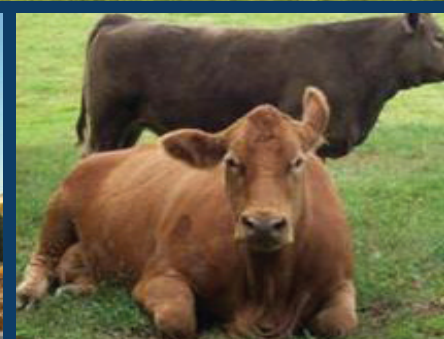


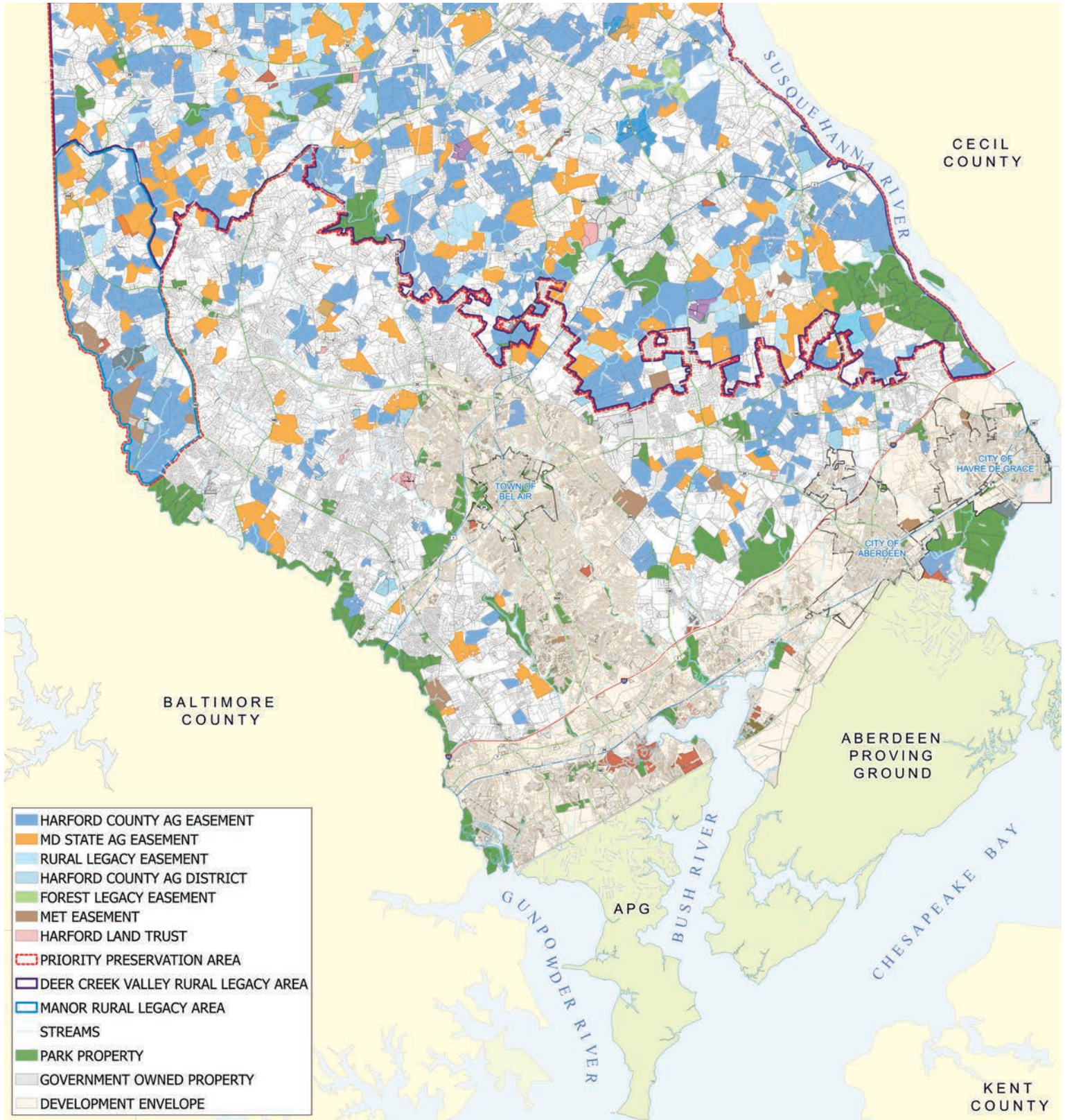
HARFORD COUNTY AGRICULTURAL LAND PRESERVATION PROGRAMS



PROTECTING YOUR FARMLAND AND YOUR FOREST

The Pride of Preserving Land Forever

64,500 acres of Harford County farmland and forests have been preserved through Agricultural Land Preservation programs





ROBERT G. CASSILLY

Harford County Executive

Dear Friends,

With a family heritage in Harford County that predates the American Revolution, I have a great appreciation for, and commitment to, the preservation of our farms.

My own family's farm was taken by the State sixty years ago to construct I-95, but throughout my life I managed to find great joy in helping out on the farms of relatives and friends in our County, and the same is true for my children.

As county executive, I know that preserving farmland is an investment in our community.

Thank you for exploring the agricultural preservation programs in this guide. Their benefits vary, but their goal is the same: to help protect your farm and your legacy for generations to come.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Bob", is positioned to the left of the photograph.



Farms and Forests: Land Worth Protecting

Agriculture is deeply rooted in Harford County. Throughout our history, this community has depended on the bounty of products from local farms and forests. Forest products are an important part of our local food and fiber supply, and forests provide vital habitat for wildlife, including pollinators. To solidify the importance of protecting local forests, the county's own Agricultural Land Preservation Program was updated to clearly state this point and to provide additional ranking and valuation points for forest areas. Saving farms and forests is an investment in community infrastructure, economic development, and tourism. Harford County is proud of our agricultural heritage, our natural resources, and the land preservation programs available to protect your farmland and your forest.

Why Choose Agricultural Land Preservation?

Landowners who qualify for agricultural land preservation programs can generate substantial value without selling their land for development, thereby protecting their farmland and their legacy. The programs provide financial rewards and other benefits through the sale or donation of their land's development rights to a county, state or federal program. In exchange, the program places a conservation easement in perpetuity on the land, restricting its use to agricultural production and limiting its residential or commercial development potential.

Landowners who sell their development rights receive a significant source of capital to improve or diversify their farm operations, purchase additional land, pay off debt, offer inheritance to non-farming children, or meet family financial needs, all without selling any of their land.

Selling or donating an easement at a discount to its appraised value also provides some landowners with tax advantages, since the donated value of the easement may potentially be taken as a charitable donation from state and federal income taxes.

"Together with my in-laws, the Crowl family, we entered into the Harford County Agricultural Preservation Program in 1996. We went into the Harford County Agricultural Preservation Program for two reasons - first, we wanted to protect our farmland for our children and future farming generations; second, we used the money as a financial vehicle for acquiring more land, making our farm more viable. I believe ag preservation is important for the agricultural community and County. Farming sustains our lives and lifestyles - providing us with a vast array of commodities and contributing to our quality of life."



David Thompson
Foxborough Farms
Street, Maryland



Comparing Values

It is important to compare the options for your land on an after-tax basis. After considering all factors, many landowners have received equal or greater benefits by preserving their land versus selling it for development. In fact, when combined with the pride of preserving your land forever, the value of preserving your land may outweigh its value from development.

PRESERVATION **Farmland Preserved Forever**

- Cash upfront or
- Tax free interest payments on an installment purchase agreement
- Potential tax deduction for charitable contribution
- Property tax credits
- Retain ownership of your land to farm or rent for income potential
- Retain the right to sell your land in the future
- Potential residential development of owner and/or child lots
- Preserving your farmland for future generations

DEVELOPMENT **Farmland Lost Forever**

- Your payment may be deferred until residential lots are sold
- Large capital gains tax
- Engineering costs
- Road improvement costs
- Environmental impact costs
- Agricultural transfer taxes
- Real estate transfer taxes
- Realtor fee costs



Does my land qualify?

For the Harford County program, almost any property over 20 acres capable of food, fiber or timber production is eligible to sell an easement by meeting two basic requirements. First, development potential must be available on the property, including additional development rights, residential density, or commercial development. Second, at least 50% of the soils must be ranked Class I, II or III by the U.S. Department of Agriculture. The Maryland Ag Land Preservation Foundation (MALPF) program follows the same basic requirements, adding that the property must contain at least 50 acres or be adjoining to lands under some form of conservation easement. Properties located within designated areas and having significant wetland, stream or river components may also be eligible for an easement through the Department of Natural Resources Rural Legacy Program. Qualification for any of these programs does not guarantee acceptance, which is based on a competitive ranking formula for all properties applying in a given cycle.

What is an agricultural easement?

An agricultural easement is a deed restriction that is recorded in the county land records and is attached to the land in perpetuity, restricting it from future residential subdivision and commercial development. The easement limits future uses to agriculture operations and agriculturally-related uses. The various ag preservation programs use similar easement language, but allow for slightly different uses and some future lots (residential lots that can be developed by easement grantors and/or their children). These should be specifically reviewed before entering any program. In all programs, the landowner retains ownership of the property, with all other inherent rights and equity. There is also no right of public access granted or implied.

Can I protect my forested land?

Yes! Forests land is eligible for preservation under all of the programs offered by the county. The Rural Legacy Program especially encourages the protection of natural resources like forests and streams.

Will an easement require a change in how I farm?

The programs allow for any permitted agricultural uses outlined under current zoning regulations. The only requirement related to farming practices is to have an updated Soil and Water Conservation Plan from the local Soil Conservation District, and to follow the recommended practices. Landowners with significant woodlands must also get a Forest Stewardship Plan from a forester licensed in the state of Maryland. The Rural Legacy Program also requires a forested buffer of 100 feet along all streams or rivers on the property.

What improvements can I make to my property under easement?

Agricultural conservation easements limit residential subdivision and other uses that would adversely affect the property's agricultural resources. Structures such as barns, shops and livestock facilities utilized in the farm's operation are allowed, as are additions and improvements to existing homes. Most of the easements also allow tenant homes to be built for farm help, with certain restrictions. Many of the easements have the potential for future owner or child lot provisions, which allow the original grantor of the easement to create a 2-acre residential lot with certain restrictions for the owner or their child.



Will my Harford County property taxes get reduced?

Yes, by placing a farm into the easement program, a maximum \$50 per acre tax credit is applied to the County portion of your annual property tax bill, which in many cases means a 100% abatement. The tax credit was originally passed in 1989 and recently increased to encourage more farmland owners to enter into the program.

Where does the money come from to fund ag preservation programs?

The Harford County Agricultural Preservation Program is funded through a dedicated 0.5% transfer tax on all real property transactions in the county. The Maryland Ag Land Preservation Foundation (MALPF) is authorized funds by the Maryland General Assembly that are generated by the state's agricultural transfer tax. The Rural Legacy Program is appropriated monies from Program Open Space.

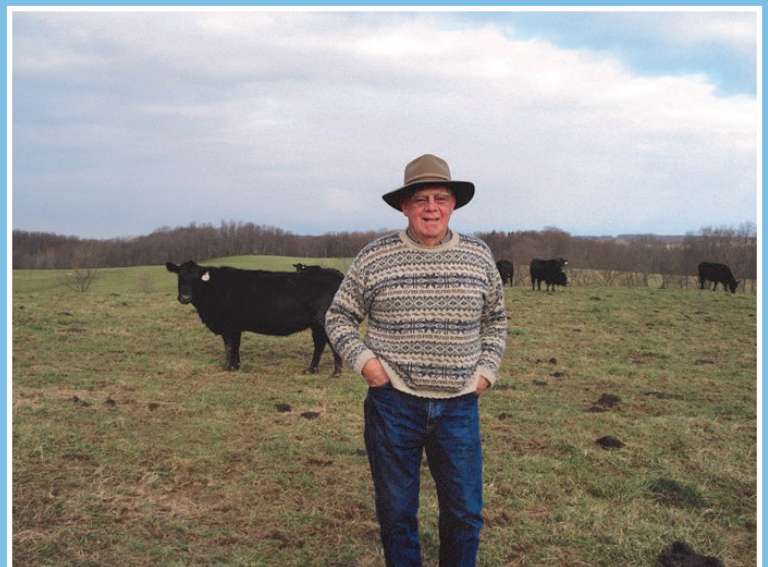
Can I sell my farm to anyone in the future?

Yes, and the easement stays with the land in perpetuity. There is a tremendous market for these farms, mainly from individuals and farmers looking for a place with natural beauty and plenty of open space to remain in farmland production.

Can I get an income tax credit after being paid for a conservation easement?

In a majority of cases, farmland owners entering into ag preservation programs are eligible for income tax credits. In general, your deduction potential is the difference between what the program paid you for your easement, and what a licensed appraiser determined the easement value to be. Since federal and state tax laws change frequently and their application is very specific, consultation with a tax professional is highly recommended.

"In preserving farmland for future generations, we protect the environment, limit development and maintain a 'critical mass' of farmland that is vital to keeping the agriculture industry viable. Placing our farm into the County program in 1997 has allowed us to purchase adjoining acreage and do the necessary estate planning to ensure our family's viability."



Lawrason Sayre

Waffle Hill Farm

Churchville, Maryland

Agricultural Preservation Program Options

There are many agricultural preservation programs available to land owners in Harford County. Each program uses easements but each has different features, including allowed uses of the land in the program and development of future lots for yourself or your children.

These features should be specifically reviewed before entering any program. Most agricultural preservation programs are currently accepting applicants, but acceptance into a program is subject to budgetary constraints, meaning that applicants may have to wait for an easement offer. However, since it takes time to plan for, prepare and settle an easement, it's never too early to consider which program is right for you.

How Can We Help You?

The decision to enter into an ag preservation program is complex and the process can seem very intimidating. The Harford County Agricultural Preservation Office staff would be pleased to meet with you and your advisors to evaluate the many scenarios and options available, and then facilitate the application and settlement process. We can also supply contact information for attorneys and tax professionals familiar with the details of preservation easement programs. The following pages provide an overview of available programs.



For More Information Contact

Harford County Planning & Zoning:

410-638-3103

zoning@harfordcountymd.gov

"Since just after the Civil War the Snodgrass family has continuously farmed in northern Harford County. Although the operation has changed from farming small acreage with horses to milking cows to 400 acres of grain with modern farm machinery to a specialty operation supplying green roof plants, land has always been a constant asset. All generations have demonstrated land stewardship by using the best agricultural practices available and now four properties have been put into ag preservation assuring the most valuable asset will be there for future innovations. The Harford County Ag Preservation Program is a vital part of Harford County's future."



Edmund Snodgrass

Emory Knoll Farm

Street, Maryland

Harford County Easement Program (est. 1992)

This is Harford County's top program for the number of properties preserved each year, the largest acreage preserved to date, and the quickest to settlement. Your farm or forest is eligible if the land is at least 20 acres in size (or adjoins preserved land), has additional development potential, and has at least 50% Class I, II, III or Woodland Group 1, 2 soils.

The program pays you for your development potential and places a permanent conservation easement on your land, restricting it to agricultural use. Payment is typically a full cash payment at settlement. A 10- or 20-year Installment Purchase Agreement (IPA), with additional interest payments, is also an option. Interest rates are locked in prior to settlement, and a final balloon payment is made at the end of the payment period. You may also be eligible for a cash "bonus" payment at settlement for the location of your land within one of the four designated incentive areas. This program also accepts donated easements, which may allow you to receive significant income tax deductions.

This program includes the right for the original grantor of the easement to create an owner's lot and/or child lots at a density of 1 lot per 25 acres, with a maximum of four lots or the number of development rights extinguished. If you exercise this right, the lots must be designated for a specific eligible person, and all deeds, documents, and permits must be in that name. You must also refund the per acre easement price for those lots. The lots cannot be transferred or sold for five years from the date of the final use and occupancy permit. The program also includes the right to build a tenant home, at 1 house per 50 acres, for active employees on your farm.

Once an easement is in place, you will receive a county property tax credit up to \$50 per acre, often eliminating a significant portion of your tax liability. Some landowners may get additional income tax credits by working with a tax advisor and obtaining a certified appraisal.

All it takes is submitting a completed application to begin the process. Applications are due by May 1st each year.

Applications are ranked and reviewed by the Agricultural Preservation Advisory Board based on a defined point system. Property size, soil quality, development potential, conservation practices, environmental features, and connection to other preserved properties are just some of the factors used to complete ranking and also help determine easement pricing.

Offers are extended to as many of the highest-ranking properties as possible depending on the available funding. Legislation is reviewed by the County Council for each proposed easement. Following council approval, landowners complete a land survey and begin working toward settlement.

Harford County Agricultural Preservation Districts (est.1992)

As an alternative to placing a permanent easement on your farmland, the Harford County Agricultural Preservation District Program was developed as a five year commitment to limit residential development. In exchange, the county gives you a property tax credit on its portion of your tax bill, providing you with either a 50% abatement or \$50 per acre, whichever is less. When you enter the program, the district agreement is recorded in the courthouse and remains in effect until, after the original five year commitment, you specifically request a release from the program.

Release is subject to payback of the property tax credit received. Most landowners, either during the five year period or after, make the decision to join a permanent easement program.

Maryland Historical Trust (est. 1977)

The Maryland Historical Trust (MHT) is one of the state's two easement donation programs that helped facilitate our first land conservation easements in Harford County. The MHT offers income and property tax credits for donated easements with the dual purpose of limiting residential growth and preserving historical structures. Easements can be tailored to the grantor's request in preserving the historic character of the property and any historic structure located on the property.

Maryland Environmental Trust (est. 1977)

The Maryland Environmental Trust (MET) is the second of the state's easement donation programs. The MET encourages preservation of environmentally sensitive areas, including agricultural lands, through income and property tax credits.

Maryland Ag Land Preservation Foundation (est. 1980)

Maryland Ag Land Preservation Foundation (MALPF) was one of the first such programs created in the United States and has helped farmland owners across Maryland permanently protect more than 350,000 acres on over 2,500 farms.

To be eligible, your farmland must be at least 50 acres, or it must adjoin a property with a conservation easement in place, and carry at least one additional development right. It must also have at least 50% Class I, II, III or Woodland Group 1, 2 soils. Currently, applications are accepted by July 1st each year (the application cycle is subject to change due to funding availability). If your application is accepted, two certified fair market appraisals will be done on your property.

The easement value is then determined by subtracting a calculated agricultural value from the appraised value. As the landowner, you will be offered the lower of either your asking price or MALPF's easement value. The program offers cash settlements.

The easement does allow for the creation of an owner's lot or child lots for residential development, with certain limits on their density. You may also choose to have a single unrestricted lot for residential development instead of the owner or child lot option. A single unrestricted lot can be sold to anyone; however, the owner or child lots must have building permits and use and occupancy permits in the designated owner's or child's name, and the lots cannot be transferred to anyone for a five-year period. Tenant houses for farm workers are allowed at a density of 1 per 100 acres; smaller properties may be granted an exception from the MALPF Board.





Maryland Dept. of Natural Resources

Rural Legacy Program (est. 2000)

The Rural Legacy Program is a grant-based program funded through the Maryland Department of Natural Resources. This program is targeted at designated areas that already have a high concentration of conservation easements. The program's goal is to place an easement on the remaining properties and protect the valuable natural resources of the property, including forests. The easement is more conservative in nature with an emphasis placed on environmental protection and does not include owner or child lot provisions. Over 5,000 acres within the county have been protected using the Rural Legacy Program.

To be eligible, your land must be in one of Harford County's designated Rural Legacy Areas, either the Deer Creek Area or Manor Area, and have significant natural features, including forests, wetlands, streams or rivers. This program also requires a buffer to be established along all water bodies. Properties are ranked according to natural features, along with proximity to other preserved properties and cultural or community significance. Easement pricing is derived from a base value per acre and a price per development right.

"This farm is home to its ninth generation Dallam family. Placing this farm into the Harford County Agricultural Preservation Program has allowed us to keep our farm in the family, weathering the inheritance problems many farming families face. I believe that the effects of the County's preservation efforts will really become apparent in twenty-five years or so, when even more farms are lost to development."



Emmy Beavers & Belle Dallam

Broom's Bloom Dairy Farm

Churchville, Maryland



BOB CASSILLY
Harford County Executive