

**25 Years of Protecting Farmland:  
An Evaluation of the  
Maryland Agricultural Land Preservation Foundation**

**Full Report  
October 2003**



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## EXECUTIVE SUMMARY

Maryland has a long history of commitment to farmland preservation. The cornerstone of its efforts is the Maryland Agricultural Land Preservation Foundation (MALPF). MALPF was created in 1977 to “provide sources of agricultural products within the State for the citizens of the State; control the urban expansion which is consuming the agricultural land and woodland of the State; curb the spread of urban blight and deterioration; and protect agricultural land and woodland as open-space land.”

American Farmland Trust (AFT) conducted an evaluation of MALPF because—at 26 years—it is one of the oldest and most respected farmland protection programs in the country. AFT wanted to find out if MALPF has met the goals outlined by the General Assembly and to provide recommendations to help it become more effective in meeting these goals in the future.

Extensive research and analysis were conducted between 2000 and 2003, including: a review of other state farmland protection programs; regional focus groups of MALPF county program administrators; a survey of farmers and agribusiness representatives; interviews with Maryland’s Department of Agriculture, Department of Natural Resources and Department of Planning; active participation in the state MALPF Task Force; and a summary of state-level agricultural viability programs.

Overall, AFT found that MALPF has met its goals, but the economics of farming have changed. In particular:

- MALPF has been, and continues to be, essential to the future of agriculture in Maryland;
- MALPF plays an important role in balancing growth in Maryland;
- Maryland needs additional policies and programs outside the scope of MALPF to sustain the viability of the state’s agriculture.

With the current economic strain and conversion pressure faced by rural landowners, MALPF is more needed than ever. As one dairy farmer indicated, “there would not be farming in Maryland without the program. You could not afford it.” This is the time to prove the state’s support of farmland preservation, the agricultural industry and Maryland’s rural economy with a serious commitment of resources and program innovations.

## **RECOMMENDATIONS**

***MALPF needs a significant increase in state funding*** – The 2004 General Assembly should resume its traditional allocation of a minimum of 17.05 percent of Program Open Space funds from the state real estate transfer tax to fund MALPF and allocate the additional \$26 million that MALPF estimated will be needed per year to meet the state farmland protection goal set for 2022.

***MALPF needs additional staffing*** – MALPF needs at least two more senior-level staff to administer the state program effectively. These additional staff would allow MALPF to process the expected increase in easement applications and provide better monitoring of MALPF easements and the increased technical assistance and outreach that county administrators expressed were needed.

***Maryland needs to plan for agriculture*** – The Department of Business and Economic Development (DBED) should directly support agriculture as an important state economic engine. The governor should commission a task force that represents key leaders from farm and forest groups, environmental groups and others, and task them with developing a statewide vision for the future of agriculture.

***Maryland needs to reach a middle ground on environmental issues*** – Focus groups should be held with agricultural leaders in the state to identify those environmental regulations that are of most concern to agriculture and to provide alternative suggestions for ways to meet the legislative intent. Statewide meetings should then be held with both agricultural and environmental groups to discuss these draft recommendations and work toward achieving consensus on these environmental goals.

## I. INTRODUCTION

Maryland has a venerable history of programmatic achievement and financial commitment to farmland preservation. The first state to offer Agricultural Land Use Assessment in 1960, it launched its agricultural preservation program in 1977, one of the earliest initiatives in the country to recognize the public benefit of farmland and provide incentives for preservation of privately owned farmland. Since then, 49 states have developed agricultural use tax assessment programs and at least 23 other states have developed state-level farmland preservation programs.

The cornerstone of Maryland's farmland preservation efforts is the Maryland Agricultural Land Preservation Foundation (MALPF). MALPF was created to "provide sources of agricultural products within the State for the citizens of the State; control the urban expansion which is consuming the agricultural land and woodland of the State; curb the spread of urban blight and deterioration; and protect agricultural land and woodland as open-space land." Because it is one of the oldest farmland protection programs and because it has been so successful in protecting farmland acreage statewide, it has been a model for programs across the United States.

American Farmland Trust (AFT) is a nonprofit conservation organization founded in 1980 to protect the nation's strategic agricultural resources. AFT works to stop the loss of productive farmland and to promote farming practices that lead to a healthy environment. AFT provides information and technical assistance on farm and ranch land protection as well as working closely with the academic, environmental and agricultural communities to raise awareness of issues by providing research and strong academic arguments for wise public policy.

AFT conducted a 25-year review of MALPF because it is one of the oldest and best respected farmland protection programs in the country. AFT examined MALPF to determine if in fact it has met the goals outlined by the General Assembly, to provide recommendations to help it become more effective in meeting these goals in the future and to see if there are lessons to be learned to help other state and local farmland protection programs.<sup>1</sup> We found that:

- MALPF has been, and continues to be, essential to the future of agriculture in Maryland;
- MALPF plays an important role in balancing growth in Maryland;
- Maryland needs additional policies and programs outside the scope of MALPF to sustain the viability of the state's agriculture.

AFT started this project at the end of 2000. At about the same time, the Maryland General Assembly created a statewide MALPF Task Force to study current program practices and financial standing and make specific legislative recommendations. The Task Force took the opportunity to evaluate a broader scope of program practices and policies and published a report in August 2001 that made specific recommendations to ensure the long-term success of the program, as well as identified issues in need of further study.

The Task Force report addressed many issues that were previously envisioned as part of the scope of this study, including issues of allowable uses on protected properties and administrative functions of the program. As a result, given the excellent work of the Task Force, AFT changed its focus to examine how well MALPF has fared with respect to its stated purpose, its success relative to other states' farmland

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<sup>1</sup> While woodland is mentioned as part of the original goal for MALPF, AFT focused broadly on agricultural lands and did not specifically evaluate MALPF's effect on woodland or open space. MALPF's agricultural district and easement acquisition criteria place priority on prime soils and woodland, and therefore woodland was considered part of farmland for this study.

preservation programs and how state and local farmland protection program administrators, farmers and industry representatives assessed the benefits of MALPF. Please see Appendix I for the MALPF Task Force's 2001 recommendations.

What we found is that MALPF has in fact met many of the original goals envisioned in 1977 by the General Assembly. MALPF has helped to stabilize the land base and balance growth in Maryland, with more agricultural land protected than was lost to development in recent years. MALPF is well received by the agricultural community and reflects agricultural use of the land as the primary goal of the program. MALPF also has provided farmers and landowners with significant financial capital by investing (with participating counties) more than \$295 million in Maryland's agricultural future.

With that said, we did find that additional policies are needed to meet the original goal of providing sources of agricultural products within the state for Maryland citizens. As indicated in our surveys with county administrators, farmers and the agricultural industry, there is much concern that if those interested in preserving farmland only focus on acquiring easements, the result will be that Maryland has plenty of open space without farmers who are willing to farm that ground. While some communities have begun to address this issue, planning for the future of agriculture and ensuring agricultural viability in Maryland need to be key components of the state's agricultural and natural resource protection strategies.

The report is organized into six sections, including the introduction in Section I. Section II covers the research and analysis methods used for evaluating MALPF. Section III provides background on MALPF and the main functions for which it is responsible. Section IV examines the role that MALPF has played in balancing growth in Maryland. Section V surveys farmers and agricultural industry representatives in Maryland to assess their perspectives on the future of agriculture in Maryland and how they see MALPF shaping that future. Finally, Section VI provides conclusions and recommendations for this study. An executive summary and summary version of this report without the appendices are available in PDF format from [www.farmland.org](http://www.farmland.org).

## II. METHODS

AFT combined primary and secondary research to evaluate MALPF, including surveys, focus groups, interviews and an in-depth policy review of the program. In chronological order, the following research and analysis methods were employed:

- A. In February 2000, AFT staff interviewed program staff and reviewed program documents for four state-level purchase of agricultural conservation easement (PACE) programs—Delaware, New Jersey, Pennsylvania and Vermont—to find out how these state programs are structured and what lessons can be applied to Maryland.
- B. In April 2001, AFT conducted five regional focus groups of county program administrators to gain a broad perspective on MALPF and get their input on the program’s effectiveness;
- C. In the fall of 2001, AFT surveyed 36 farmers and agribusiness representatives by either mail or phone interview;
- D. From 2001 to 2003, AFT interviewed staff and reviewed reports from the Maryland Department of Agriculture, Maryland Department of Natural Resources and Maryland Department of Planning to better understand how MALPF has met its original goals;
- E. Since 2001, AFT has played an active role with the MALPF Task Force, providing technical assistance as well as working with Task Force members to ensure that AFT’s project augmented Task Force efforts; and
- F. In 2003, AFT identified and described agricultural viability programs in six states to provide recommendations for improving agricultural viability efforts in Maryland.

### **A. Case Study Research, February 2000**

AFT staff interviewed program staff and reviewed program documents for case studies of state-level PACE programs in Delaware, New Jersey, Pennsylvania and Vermont. In addition, staff collected information about other state administered programs that support agriculture, including the Massachusetts Farm Viability Enhancement Program and New Jersey’s Farm Link program. The case studies were used to help evaluate basic program elements, such as staffing and funding, as well as MALPF’s policies on a range of issues, including future residential development on protected parcels. The information from these case studies also was shared with the MALPF Task Force (see Appendix II).

### **B. County Program Administrator Focus Groups, April 2001**

In April 2001, AFT staff conducted five regional focus groups of county employees tasked with administration of MALPF. The purpose of the focus groups was to gain administrator input on program effectiveness, components, improvements and regional differences that may exist. Twenty county program administrators were interviewed in total, and 14 administrators participated in the focus groups. Six administrators were unable to attend the focus groups and were interviewed individually by phone. There are a total of 23 county MALPF program administrators.

Questions were asked consistently at all sessions and clarification provided when requested by participants. Participants were asked to respond to the questions individually, and group discussion was encouraged as well. A focus group summary identifying overall themes and issues was prepared (see Appendix III: MALPF Regional Meeting Summary).

### **C. Farmer and Agribusiness Surveys, September, October and November 2001**

A total of 36 farmers and agribusiness representatives were surveyed either by mail or phone interview in the months of September, October and November 2001. The sample was selected to represent Maryland’s major agricultural sectors: poultry, dairy, grains, beef, vegetables, greenhouse (horticultural) and agribusiness. Participants were selected to represent the significant agricultural production of the geographic regions delineated for the county program administrator focus groups, i.e., dairy farmers were

interviewed in central Maryland, beef farmers in western Maryland, grain farmers in southern Maryland, etc. This selection captured a regional as well as sector-specific perspective. Agribusiness representatives were chosen to represent critical support services to the predominant agricultural sectors statewide.

A variety of sources were used to obtain contact information for potential survey participants. Trade associations were asked to provide member listings to include individuals who tend to be more involved in their industry. In two situations, the trade association was unable to assist or recommended another source.

AFT developed a survey template of 12 multiple choice and seven text-open-end questions and tested it for clarity. Surveys for all agricultural sectors were virtually identical, with the exception of references to the specific sector and region of the state. The agribusiness survey was slightly altered due to the fact that these individuals were not directly involved in farming. The survey template was used for interviews conducted by mail and phone (see Appendix IV).

Mail surveys were used for sectors that were more likely to respond by post due to greater time availability (beef and greenhouse). Surveys were mailed to selected contacts, and follow-up calls were placed three days following mailing.

Phone surveys were conducted with sectors that had time restraints (dairy, grains, poultry, vegetables and agribusiness). Phone interviews were conducted at the participant's convenience, mostly between the hours of 7 am to 9 am and 7 pm to 9 pm. The phone surveys ran approximately 15 to 20 minutes, depending on the length of the participant's responses.

#### **D. State Program Interviews and Analysis**

AFT interviewed key program staff from MALPF, Rural Legacy, Greenprint and the Department of Planning as part of the review and analysis conducted for this project. These interviews included discussions about how well MALPF worked with other state and local farmland protection efforts, as well as how MALPF helped these other programs meet their goals. Meetings were conducted either in person or by phone. AFT staff also reviewed and analyzed the 2001 and 2002 annual reports from MALPF and Rural Legacy for land conversion and protection data.

#### **E. National Agricultural Economic Development Research**

In 2003, AFT investigated leads on agricultural viability programs in 10 states. Staff identified seven significant programs in six states: Connecticut, Maine, Massachusetts, Minnesota, New Jersey and New York. Staff interviewed program managers to learn about program structure, eligibility and selection criteria, program implementation, funding and accomplishments to date. Brief descriptions of each program are provided in Appendix V.

#### **F. Collaboration with the MALPF Task Force**

AFT served as the co-chair to the original MALPF Task Force and provided technical assistance during the drafting of the recommendations for the General Assembly. AFT continues to be involved with the current Task Force working on recommendations for the 2004 legislative session. AFT relied on the expertise of the members to assist in revising the scope of this study to better add value to the Task Force's efforts. AFT also met with key members of the Task Force once the draft recommendations were developed to review these recommendations and solicit feedback and consensus.



### III. MARYLAND'S FARMLAND PRESERVATION PROGRAM

#### A. The Maryland Agricultural Land Preservation Foundation (MALPF)

The Maryland General Assembly created the Maryland Agricultural Land Preservation Foundation (MALPF) in 1977 to “provide sources of agricultural products within the State for the citizens of the State; control the urban expansion which is consuming the agricultural land and woodland of the State; curb the spread of urban blight and deterioration; and protect agricultural land and woodland as open-space land” (Annotated Code of Maryland). The Maryland Agricultural Land Preservation Foundation has three main functions:

- Agricultural land preservation districts;
- Agricultural land easement acquisitions;
- Certification of county farmland preservation programs.

A 12-member Board of Trustees, including three state officials (ex-officio) and nine at-large members from around the state appointed by the governor, oversees MALPF. Five of the nine at-large members must be engaged in or retired from active farming. The board is responsible for promoting and reviewing the program; revising rules, regulations and procedures; approving and administering agricultural districts; negotiating and acquiring farmland preservation easements; and certifying county farmland preservation programs.

The MALPF board works closely with a five-member Agricultural Land Preservation Advisory Board in each of the 23 counties that participate in the program. The county governing body appoints members to the local board, and at least three of the five members must be owner-operators of commercial farms earning at least 50 percent of their income from farming. The Agricultural Land Preservation Advisory Boards promote the program locally and advise and assist MALPF and the county governing body in administering the program. Each county also employs full- or part-time staff to administer the program locally. Most administrators are housed within the county departments of planning and administer the MALPF program among other responsibilities.

MALPF has five full-time staff in the Maryland Department of Agriculture who manage day-to-day operations. Contractors are used for some services, and administration of the easement acquisition process also involves Maryland's Department of General Services and Board of Public Works.

Primary funding for MALPF comes from a dedicated percentage (currently 17.05 percent) of Program Open Space funds, which are generated by a 0.5 percent state real estate transfer tax assessed on all homes and land purchased or sold in Maryland. Revenues from the state agricultural transfer tax are also dedicated to MALPF. The agricultural transfer tax is levied on all farmland assessed at its agricultural value that is sold or transferred, unless the new landowner agrees to continue its agricultural use. The rate of the tax is 3 to 5 percent, depending on the size of the parcel (greater than 20 acres = 5 percent tax rate).

Matching funds submitted by counties for the purpose of acquiring easements are a growing source of program funding. In fiscal year 2002, MALPF received \$7.6 million in local matching funds. MALPF has also received \$8.5 million from the federal Farm and Ranch Lands Protection Program since 1996. General obligation bonds have supplemented or restored program funding. For example, the legislature cut the fiscal year 2003 appropriation altogether, but promised \$21 million in bond funding for fiscal year 2003 and 2004. The program was forced to use the fiscal year 2004 money for the fiscal year 2003 application round.

In January 2003, MALPF reported that \$20 million or \$3.66 per capita, would be available for easement acquisitions that year. By spring, the Maryland legislature had zeroed out the MALPF allocation. Even before the legislature's action, AFT found that Maryland allocated less money per capita than the

easement acquisition programs in Delaware (\$6.04), New Jersey (\$9.31) and Vermont (\$8.43). Pennsylvania reported that \$40 million—\$3.24 per person—was available for the current fiscal year (see Appendix II).

### ***Agricultural Land Preservation Districts***

MALPF agricultural districts are voluntary five-year commitments landowners make to maintain their property in agricultural or woodland production. As of June 30, 2002, a total of 398,928 acres covering 3,062 properties were enrolled in the district program (MALPF 2002 Annual Report).

District participants benefit from the security of knowing that their land, and land in nearby districts, is protected from conversion and that farming is the preferred use of the land within the district. While right-to-farm protection is not guaranteed, district status could be helpful if the landowner is involved in a nuisance complaint. Most importantly, only landowners within a district are eligible to apply to MALPF to sell a perpetual preservation easement.

MALPF's district agreement forbids subdivision and conversion of the enrolled land to residential, commercial or industrial use. Landowners retain the right to create one-acre lots for themselves and their children under certain conditions. Landowners can leave the land in the district for longer than five years, as long as the land is still eligible for district status.

To establish an agricultural district, landowners, working with county program administrators, must submit a petition to the local governing body. The petition contains maps and descriptions of the current use of the land within the proposed district. The county Agricultural Land Preservation Advisory Board, the Planning and/or Zoning Commission and the county governing body must approve the petition following a public hearing.

A district can be formed by one or multiple landowners and must be at least 50 contiguous acres. Smaller properties that are contiguous to an existing district or determined to be of specialized agricultural use may petition to establish a district. At least 50 percent of soils must be classified as USDA soil capability class I, II, or III and/or woodland groups 1 or 2. Floodplains and wetland acreage can be excluded from the calculation, and several additional exceptions apply.

The property must reside in an area that is permitted for agricultural use by the county governing body. Land within a locality's 10-year water and sewer plan is eligible only if the property is significant in size and superior in agricultural quality. Counties can add criteria to the established state minimum.

Upon local approval, the petition must receive final approval by a majority of the MALPF Board. If approved, all landowners within the district enter into an agreement with MALPF to maintain the current agricultural or forested use for five years. The county establishes the district by ordinance, and the district is recorded in land records.

A district can be terminated under the following conditions:

- 1) Severe economic hardship – under concurrence of MALPF and the county governing body
- 2) End of the five-year agreement – with one-year termination notice
- 3) No longer qualifies – A majority vote by MALPF can terminate the district if significant land use change occurs in the area making the district ineligible according to district eligibility criteria or if the county governing body requests termination.

### ***Easement Acquisition Program***

Landowners enrolled in an agricultural district are eligible to apply to sell a permanent preservation easement. All acreage within the district must be included in the application. Applications must include a

complete description of the property and the landowner's asking price for the easement. The County Agricultural Land Preservation Board and the county governing body first approve the application. Upon MALPF Board approval, easement value is established as the difference between the market value (obtained by appraisal) and agricultural value (obtained by a formula or using the five-year average cash rent for the county). As of June 30, 2002, MALPF's easement acquisition program had permanently preserved 217,460 acres on 1,551 parcels at a cost of \$295,614,699.

Offers are made in two purchase rounds. For Round 1, one-half of the total state funds available are divided among the 23 counties to be used for the general purchase of easements and do not require any county matching funds. The remaining half of the available state funds are used to provide matching funds to interested counties. The state will provide a maximum amount of 60 percent matching funds, up to \$1 million, for each of the counties. Counties can use their share of the agricultural transfer tax and other local revenue as part of the 40 percent minimum match required.

Applicants within each county are ranked according to the county's criteria, which must be approved by MALPF. In fiscal year 2002, nine counties ranked their properties using a local prioritization method (MALPF 2002 Annual Report). In the absence of county-specified criteria, the discount ratio system is employed. The discount system ranks properties by the lowest to highest ratio based on an equation that divides the landowner asking price by the value of the easement. Offers to applicants are tendered as ranked until each county's allotment is used up.

State funds remaining from Round 1 are dispensed in Round 2. Easements not purchased in the first round are ranked statewide based on the discount ratio as described above. Offers are extended according to rank until all funds are spent. The State Board of Public Works must approve all offers.

Once the landowner accepts MALPF's easement offer, program staff and the landowner negotiate a Deed of Easement. MALPF easements permit any farm use of the land and allow operation of farm machinery or processing equipment at any time. All normal agricultural activities are protected including farm-based direct marketing.

The landowner retains limited residential development rights, but beyond those rights the easement prohibits use of the land for any commercial, industrial or residential purpose except as determined by MALPF. Only the landowner who originally sold the easement may petition for the release of one acre or less for the purpose of constructing a house for the use of the landowner or landowner's children. These lots are not to exceed: one lot if the size of the easement property is 20 acres or more but fewer than 70 acres; two lots if the size of the easement property is 70 acres or more but fewer than 120 acres; or three lots if the size of the easement is 120 acres or more. The resulting density cannot exceed that allowed under county zoning of the property previous to the purchase of the easement. The released property cannot be further subdivided. The agreement is recorded in land records and binds future landowners. The landowner must reimburse the state for any acreage released at the price per acre paid by MALPF for the easement.

In 2002 the General Assembly passed a provision that allows the original landowner to reserve the right to exclude one unrestricted lot from an easement in lieu of all future lots to which the landowner would otherwise be entitled. For this unrestricted lot, the resulting density must be less than the density allowed under zoning of the property before MALPF purchased the easement. This lot, which can be subdivided and sold to anyone, must be one acre or less.

Construction of tenant/farm labor housing is permitted if it does not exceed one lot per 100 acres. Tenants must be fully engaged in operation of the farm. The property cannot be further subdivided, conveyed to any person and may not be separated from the original parcel.

MALPF's easement is meant to be perpetual and only may be terminated in extreme cases after 25 years by landowner request, and only if it is determined that profitable farming is no longer feasible on the land. Upon request for termination, an inquiry shall be conducted by MALPF, which includes an on-site visit by MALPF and a public hearing conducted within the county. The easement may be terminated only with the approval of the county governing body after it has received the recommendation of the county agricultural preservation advisory board. If both MALPF and the county agree, the termination still needs to be approved by the secretary of the Department of Agriculture and the state treasurer. In the case of termination, the landowner must pay MALPF for the easement based on current value.

Research for this study found that both New Jersey and Pennsylvania employ more program staff than MALPF. Pennsylvania's farmland preservation program, which involves the formation of agricultural districts and easement acquisitions like MALPF, employs nine full-time staffers. The ratio of Pennsylvania staff to number of easement transactions (nine to 289) is in line with MALPF. Meanwhile, New Jersey's State Agriculture Development Committee (SADC) employs 31 full-time and one part-time staff members. The New Jersey program is more fully developed. It offers a range of complementary programs/initiatives such as land use planning, agricultural viability, farm link, right-to-farm enforcement, and fee acquisition in addition to agricultural districts and easement acquisition programs. SADC also has opted to bring many support functions in-house and has appraisers and GIS technicians on staff. New Jersey completed about 160 transactions from 2002 to 2003.

Although Vermont and Delaware employ fewer full-time equivalent program staff, they completed significantly fewer easement transactions during the same time period (21 and 44 respectively, as compared to MALPF's 156). In addition, Vermont's program is partially implemented by the state department of agriculture and the Vermont Land Trust, who apply to Vermont's Housing and Conservation Board for implementation grants. Delaware's program hires out easement monitoring to the National Agricultural Statistics Service (see Appendix II).

### ***State Certification of County Agricultural Land Preservation Programs***

The Maryland Department of Planning (MDP) and MALPF administer certification of county farmland preservation programs. Implemented in 1990, the state certification program has three goals:

- 1) Maintain the economic viability of agriculture and its contribution to Maryland's quality of living,
- 2) Encourage county farmland preservation programs that complement MALPF and embrace farmland preservation in the overall growth and management plan, and
- 3) Ensure that the additional funds allotted to certified counties are used wisely to meet program goals.

The state certification program provides financial incentives for county farmland preservation programs to be developed and implemented. Upon certification, the state returns 75 percent of the agricultural transfer tax collected within the county. Uncertified counties retain only one-third of the agricultural transfer tax. Certified counties are also eligible to receive unused MALPF funds allocated to the county if excess funds remain at the end of the fiscal year. Additional funds retained by certified counties must be used for local farmland preservation programs.

Although the first counties were certified in 1991, the program began to focus on improving county growth and farmland preservation policies in 1995 at the encouragement of county program administrators. The certification process allows flexibility for counties to phase in locally directed, customized farmland preservation programs over time.

MALPF and MDP have identified elements of a successful program. In the initial certification application, the county provides a written narrative and supporting documentation to MALPF and MDP to show that the county farmland preservation program meets these standards.

#### *General Requirements*

- 1) Local support: Approval of the county farmland preservation program and state certification application by the county Agricultural Land Preservation Advisory Board, the county office of planning or county planning commission, and the county governing body;
- 2) Effective program: Likelihood that the county implementation program will be successful at achieving county farmland preservation goals;
- 3) Dedication of funding: Commitment by the county to use the increase in retained agricultural transfer tax for farmland protection.<sup>2</sup>

#### *Specific Requirements*

The county must have a comprehensive plan, a plan addendum or supporting document that:

- 1) Outlines county goals for farmland preservation and the agriculture industry and the rationale used to derive these goals;
- 2) Delineates and maps farmland preservation areas in the county; and
- 3) Describes an implementation plan for achieving preservation and industry development goals.

In addition, the county comprehensive plan must include the following elements: land use management tools, zoning ordinances and related guidelines and procedures designed to protect farmland and limit subdivision and nonagricultural uses; programs used in the county to purchase and transfer development rights on farmland and other financial incentives used for the permanent protection of farmland;<sup>3</sup> and activities that support productive agriculture and the agriculture industry.

MALPF requires the county to keep detailed records and provide for program evaluation. The county must record the number of acres in designated farmland preservation areas that are subdivided or converted to nonagricultural use. It must evaluate the effectiveness of county land use management tools in protecting land in designated farmland preservation areas. An estimate of the amount of land being preserved over time in designated areas through land protection programs also is required of the county, as well as a description of the type of farmland being preserved. Finally, the county must develop an inventory in digital and tabular form of the protected properties including tax map numbers, grid cell numbers of tax maps, parcel numbers and the total number of acres included in each easement.

The county submits a program development strategy identifying strengths and weaknesses of its program and making recommendations for improvements in a schedule of steps. If a county program is deficient in any of the program certification requirements, the county may submit a plan with specific milestones toward meeting the requirements.

Certification is valid for two years, and each county must submit an annual report. The report includes a financial report, eased property inventory and a report on progress with the program development

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<sup>2</sup> Allowable administrative costs are capped at the lesser of 10 percent of the retained agricultural transfer tax or \$30,000. TDR programs allow landowners to sell their development rights and transfer this potential to another parcel.

<sup>3</sup> MALPF and MDP require county PACE programs to preserve property that meets minimum MALPF requirements, with the exception of acreage requirements. Selection and acquisition of properties must be based on criteria that gauge the agricultural quality and viability of the property. All eased properties must be required to have a soil conservation and water quality plan and a forest management plan if more than 50 percent forested.

strategy. The second report of the two-year certification serves as a recertification application. The report must notify MDP and MALPF of the county's continued eligibility for certification, success in meeting the program development strategy, changes in any county policies or programs, and regional cooperation toward meeting preservation goals.

As of September 2003, 16 of the state's 23 counties are certified. Of the remainder, some do not pursue certification because there is little conversion pressure. Farmland preservation is not a priority, and retaining additional agricultural transfer tax revenue would not justify the expense and effort in administering county-level initiatives. One administrator commented that the MALPF county certification process actually penalizes smaller counties since a greater portion of the agricultural transfer tax revenue goes to urbanizing counties, while another stated it would cost more for his county to become certified than the county expected to receive from these revenues.

**B. Program Accomplishments**

Maryland has much to boast after 25 years of farmland preservation. Study participants and objective performance indicators provide evidence that MALPF is doing a good job of meeting its original program goals. One dairy farmer who was interviewed for this report said, "there would not be farming in Maryland without the program. You could not afford it."

***MALPF helps stabilize the land base***

As of June 30, 2002, MALPF had protected 217,460 acres of agricultural land under permanent conservation easements. In addition, a total of 398,928 acres covering 3,062 properties were enrolled in MALPF's district program (MALPF 2002 Annual Report).

***MALPF has protected more farmland than has been lost***

During three of the last four years, MALPF protected more agricultural land than was converted to other uses. Beyond acres MALPF has protected directly, the program has been used by many counties to justify and balance agricultural zoning regulations, which further stabilize the land base for agriculture.

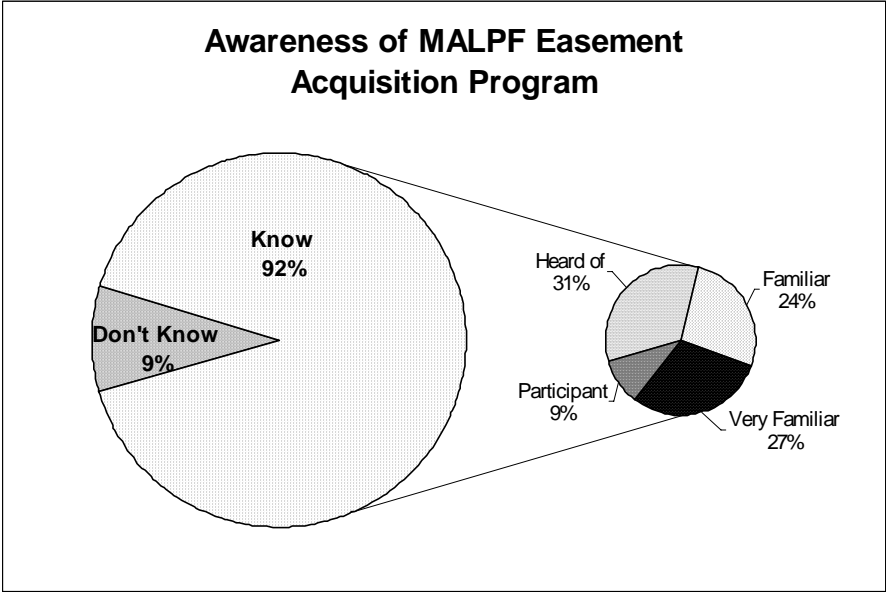
Status	1999	2000	2001	2002
Converted Farmland (acres)	13,186	12,484	16,463	14,011
Preserved Farmland (acres)	14,274	19,367	12,987	19,192
Net	1,088	6,883	(3,476)	5,181

Excerpted from the MALPF 2002 Annual Report

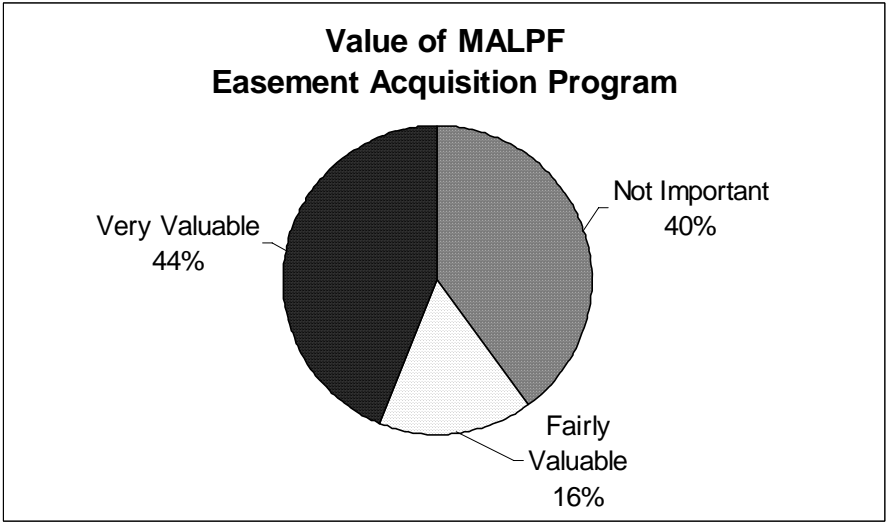
***MALPF has built trust and recognition***

MALPF is the primary farmland protection program in Maryland. It focuses solely on the protection of productive agricultural land, is administered by representatives of the agricultural community, and the easement reflects agricultural use as the primary conservation purpose. Historically the easement acquisition program has been well funded, giving farmers confidence that the program will be available in the future. During the focus groups, all of the county administrators expressed general support for and trust of MALPF.

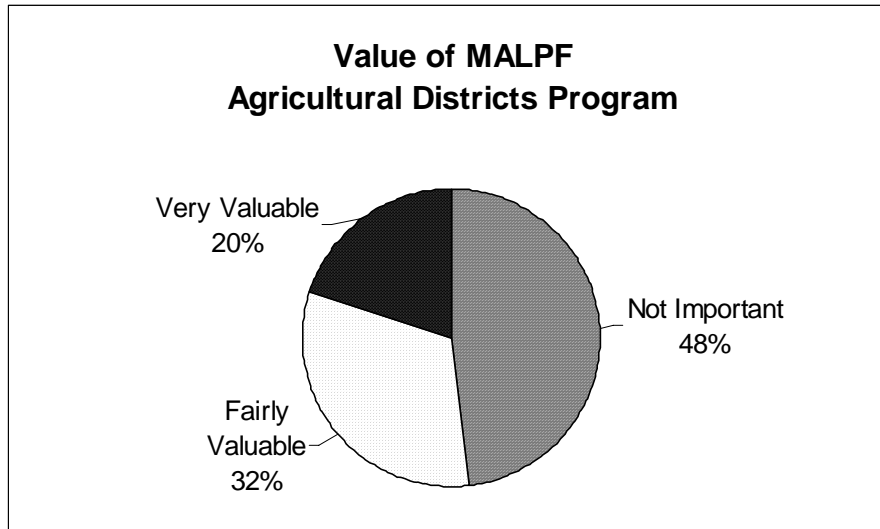
The program is well known. MALPF has been in business for more than 25 years. Ninety-two percent of the agricultural industry representatives and farmers surveyed said that they were aware of the program.



Sixty percent of the agricultural industry and farmer participants responding to the question “How important is the easement acquisition program to your operation?” said the program was of some value directly or indirectly to their operation. One agribusiness representative commented that “The program has made a positive difference overall on the economy and the long-term outlook for the industry. The program has also fostered a favorable land use ethic.”



With regard to agricultural districts, 52 percent of participants responding felt this program was of some value to their operation



***MALPF has provided farmers and landowners with significant financial capital and flexibility.***

As of June 2002, MALPF, including county matching funds, has invested \$295,614,699 in Maryland's farming operations. All industry sectors and regions of the state commended the program for providing landowners with options and choices for financial management. In times of critical decisions or long-term planning, the program provides the landowner with the option to access the equity built up in the land, while maintaining the farm in agricultural production. Although a few study participants felt the program is being used as a last-resort measure to save some mismanaged farms or as a quick fix to some farms' financial woes, the predominant attitude is that the easement acquisition program is a viable management tool to be used by farmers in meeting financial, production and transition goals. One agribusiness representative said, "The programs reduce capital investment in land to help survive or buy longer-term stability. I compare it to having more runways on the airport. There is more room to make decisions. The pressure is off."

Beef, horticultural, dairy and agribusiness representatives further appreciated the program's contributions to sustaining the industry infrastructure and agribusiness that is vital to the farming economy. The existence of competitive feed, seed and equipment suppliers along with convenient, profitable markets is dependent upon a critical mass of farmland and farm operations. Without the dedicated support of permanent preservation programs, non-agricultural development would gut Maryland's high-input, high-return agricultural sectors.

It is a common argument in communities exploring the creation of a PACE program that a participating landowner will see a reduction in his equity and not be able to secure operating capital for the agricultural enterprise. Agribusiness representatives, who were asked about the effect of participation in a preservation program on the landowner's ability to obtain credit, commented that participation has the potential to positively affect the landowner's financial position.



***MALPF has made Maryland farmland available and affordable***

Grain, poultry and vegetable farmers praised the program for its contribution to the stability of the farmland base. The state's commitment to securing the most vital agricultural resource—land—gives farmers a sense of security, so they too are willing to invest in the future of agriculture. Three survey participants cited examples where the program assisted farmers in purchasing more farmland, including one who said “[MALPF] is the only way to justify buying land for farming. You can buy it and afford to farm it. You can compete with the developers. I was able to buy a few farms and get them paid for that way.”

Farmers also valued MALPF for the security it offers for vital rental land. According to the 1997 Census of Agriculture, 37 percent of Maryland farms are rented or leased. A total of 966,142 acres are rented or leased accounting for 44.8 percent of Maryland's farmland base. Rented and leased land is especially valuable to young full-time farmers as 59 percent (501,169 acres) of rented land is in control of farmers under the age of 54. Also observed in the 1997 Census, dairy farmers, grain/oilseed farmers and vegetable/melon farmers all depended on rented land more than owned land for production. Retention of quality land with the potential to be rented to farmers is important to sustaining the agricultural economy in the long term.

***MALPF has encouraged county farmland protection efforts***

The county certification program has proved to be a vital component of the state's farmland preservation program. The program encourages counties to implement locally designed farmland protection programs and establish local farmland protection practices through financial incentives. It provides an avenue to correct county policies that are counterproductive to MALPF and state initiatives. It also encourages the development and implementation of county policies and programs that complement MALPF's agricultural district and easement acquisition program. Finally, innovations and new approaches developed by county programs also can provide MALPF with good examples of how the state program can better achieve its goals.

#### **IV. THE ROLE OF MALPF IN CONTROLLING URBAN EXPANSION AND PRESERVING MARYLAND'S AGRICULTURAL LAND**

From MALPF's beginning in 1977, the Maryland legislature recognized the threat of urban expansion to the state's agricultural land and tasked MALPF with mitigating against unplanned urban expansion and blight, as well as feeding the state's citizens and protecting agricultural and open space values. Today, Maryland has some of the most innovative growth management and land protection programs in the country, and MALPF led the way. Beyond fulfilling its primary purposes, MALPF also has been the primary vehicle for protecting the rural landscapes, privately owned wildlife habitat and farming communities valued by Maryland citizens.

##### **A. Additional Growth Management and Agricultural Land Conservation Programs**

Twenty years after MALPF's inception, the General Assembly endorsed a Smart Growth policy to augment MALPF and other land conservation efforts in Maryland. The three goals of Smart Growth are:

- Save Maryland's most valuable remaining natural resources before they are lost forever;
- Support existing communities and neighborhoods; and
- Save taxpayers millions of dollars in unnecessary costs to supporting sprawl.

Basic to these initiatives is the channeling of funding, incentives and assistance to the development of locally identified growth areas, as well as ample funding for land conservation. The Rural Legacy Program and more recently the GreenPrint program were introduced as part of the Smart Growth policy to work with MALPF to conserve agricultural land and other natural resources.

##### ***Rural Legacy Program***

Created in 1997, the Rural Legacy Program recognizes the multiple benefits rural lands possess and encourages partnership of public and private resources to protect and preserve locally identified target areas. One of the program's goals is to preserve agricultural lands to encourage the viability of resource-based industries. Rural Legacy differs from MALPF because it mostly focuses on open space and environmentally sensitive areas requiring more stringent resource management. According to Rural Legacy Program staff, the majority of acres in the program are in agricultural use though the program does not target farmland specifically.

Many of the MALPF county administrators interviewed for this project expressed support for the Rural Legacy Program. Some counties felt that Rural Legacy was beneficial because it increased the funds available for farmland protection in the county. More than a few counties also said that they use the program to fill in some of the gaps around MALPF-protected easements or to augment and buffer MALPF-protected properties. A few administrators did feel, however, that the state should not have set up two programs to do essentially the same thing and that MALPF should be the only farmland protection program in place.

The Rural Legacy Program is a hybrid of MALPF and Program Open Space, a program that provides dedicated funds for Maryland's state and local parks and conservation areas. Each local Rural Legacy sponsor (county, land trust or other organization) identifies a preservation area and submits a plan to the Rural Legacy Board<sup>4</sup> to compete for Rural Legacy area designations and funding. The plan identifies the parcels and inherent resources in the proposed Rural Legacy area, method for preserving properties, partners, matching funds, sponsor characteristics and staffing.

Many proposed Rural Legacy areas are anchored by permanent easements previously acquired by Maryland Environmental Trust (MET), a statewide local land trust governed by a citizen Board of Trustees, or MALPF. Ranking of proposed Rural Legacy areas is based on:

- The plan's ability to protect large contiguous blocks of land, green belts and agricultural, forestry or natural resource corridors;
- Public, economic, cultural or historical value of the land; and
- Degree of conversion threat.

The locality's farmland preservation support is taken under consideration by the Rural Legacy Board. This support includes existing zoning, planning and growth management policies, compliance with a comprehensive plan and coordination with existing conservation programs. Local growth management and land preservation policies weigh heavily in the area designation process. Sponsors are evaluated on ability to manage, prioritize and value easements.

Once Rural Legacy areas have been chosen by the Rural Legacy Board for funding, sponsors can resubmit for funding in subsequent years. Priority is placed on funding sponsors that have been able to acquire conservation easements in a timely manner.

The goal of the program is to preserve permanently 225,000 acres during a 15-year period at an estimated cost of \$600 million. To date the program has protected 39,012 acres.

Rural Legacy is funded through a 5 percent allocation of Program Open Space funds (as with MALPF, generated by the 0.5 percent state real estate transfer tax), general obligation bonds from the state capital budget and a general fund contribution. The program's annual allocations increased from \$10.9 million in fiscal year 1998 to \$29.7 million in fiscal year 2002. However, program funding was reduced to \$21.3 million for fiscal year 2003.

In February of 1999, MALPF agreed to co-hold farmland easements acquired through Rural Legacy that meet MALPF criteria. MALPF approves co-held easements on a case-by-case basis. To ensure the Rural Legacy easement does not conflict with MALPF interests, the Board uses a Memorandum of Understanding with the local sponsor outlining easement monitoring and enforcement. These easements are of no cost to MALPF, except some administrative expense. As of June 30, 2002, MALPF co-held 46 easements with the Rural Legacy Program.

The basic Rural Legacy Deed of Easement more specifically addresses resource management than MALPF's does. Rural Legacy requires a minimum vegetative buffer to be maintained along blue-line streams, which are streams shown on U.S. Geological Survey quad maps and generally include most

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<sup>4</sup> The Rural Legacy Board, consisting of the secretary of natural resources (chair), the secretary of agriculture, and the secretary of planning, governs the program. An 11-member Advisory Committee, appointed by the governor with consent of the Senate, assists the board. The Advisory Committee is made up of industry and agency representatives, including MALPF, agriculture and forestry representatives. The Advisory Committee reviews applications, advises the Rural Legacy Board as to designation of areas and handles other requests of the board.

perennial streams. At the request of the landowner, language can be included in the easement requiring perpetual maintenance of additional resource management practices.

Rural Legacy's easement acquisition strategy includes:

- Locally identified targeted priority preservation areas;
- All local funding contingent on adequate local policies (zoning, planning, etc.) to support these areas of preservation;
- Utilization of multiple tools for permanent protection—easement acquisition, fee simple acquisition, TDR, etc.;
- Established program goal and funding based on reaching that goal in a set amount of time.

### ***GreenPrint Program***

In May 2001, Governor Glendening signed into law a new program designed to protect Maryland's most endangered forests, greenways, wetlands and other environmentally sensitive lands and create an integrated network that links existing preserved areas to maximize environmental value. The goal of the program was to protect roughly 13,000 acres per year over a five-year period of the more than two million acres of green infrastructure lands identified by Maryland Department of Natural Resources (DNR).

The program is administered by DNR and was funded \$35 million in fiscal year 2002. The General Assembly specified that one-fourth of GreenPrint funds must be used to acquire easements on properties exhibiting GreenPrint features within Maryland Agricultural Land Preservation Districts. MALPF worked with DNR to identify, rank and purchase easements on properties exhibiting GreenPrint characteristics according to criteria supplied by DNR. MALPF currently holds 37 GreenPrint easements on 5,623 acres.

Landowners selling an easement to MALPF using GreenPrint funding are subject to DNR's GreenPrint Deed of Easement. The DNR GreenPrint Deed of Easement differs from MALPF's easement in the following ways:

- The GreenPrint easement outlines the laws relating to environmentally sensitive areas;
- The landowner must agree to abide by the state and federal laws regarding these areas;
- MALPF's easement has a 25-year clause allowing release of the land under certain conditions; the GreenPrint easement is in perpetuity.

### **B. Statewide Goal for Farmland Preservation**

Maryland continues to recognize and promote the important role that agricultural land preservation plays in balancing growth. The MALPF Task Force, as part of its work in 2001, recommended that the state establish an acreage goal for farmland preservation. Recognizing the need to have some tangible measure of whether the state has controlled urban expansion in agricultural areas and to ensure that a critical mass of farmland exists to support the industry, the Task Force suggested a total goal of protecting an additional 1.1 million acres of productive agricultural land. This number reflects half of the remaining privately owned farmland in the state. During the fiscal year 2002 legislative session, the General Assembly passed and the governor signed Joint Resolution 16: "Preservation of Agricultural Land." This resolution established a new goal for working land preservation in Maryland in 2022 that is triple the acreage already protected. According to MALPF, the 2002 baseline, which includes MALPF, Rural Legacy, GreenPrint and local preservation programs, is 343,333 acres. This goal of 1,030,000 acres was based on the previous recommendation as outlined by the MALPF Task Force.

According to MALPF's 2002 Annual Report, it will cost \$494 million to protect the additional 686, 667 acres over the next 20 years, or an additional \$26 million per year. This number assumes that Rural Legacy, GreenPrint and local initiatives continue to receive level funding.

## **V. FARMER AND AGRICULTURAL INDUSTRY PERSPECTIVES ON THE FUTURE OF AGRICULTURE IN MARYLAND**

During our discussions with county administrators, farmers and agribusiness representatives, a common concern emerged: MALPF's achievements will be severely undermined without a reasonable return on farmers' investments in land, resources and inputs. In response, AFT explored some of the complex issues related to the viability of Maryland's agricultural industry. Based on the body of research conducted for this study, AFT is recommending additional policies and programs to ensure Maryland not only preserves important open space but a future for agriculture as well.

### **A. Agricultural Indicators**

Historically agriculture has been an important economic engine for Maryland, and this trend continues today. According to a recent report prepared by the Center for Agricultural and Natural Resource Policy at the University of Maryland, farm proprietors and farm laborers accounted for 18,400 jobs. Workers in closely related industries, like agricultural services (e.g., farm credit and veterinary services), agricultural inputs (e.g., feed, seed and equipment) and agricultural processing accounted for another 45,030 jobs. Together, these sectors accounted for 2.5 percent of total jobs in the state.

In 1997, the market value of Maryland agricultural products was \$1.3 billion, with 65 percent of the total from livestock and 35 percent from crop production. In addition, the University of Maryland study found that in 2000 Maryland farmers spent about \$284 million on fertilizers, energy, pesticides, machinery repair and other services (some of which may have been spent out of Maryland). In addition, the largest farm-related employment sector was food processing, which accounted for 325 companies that pack or process farm products. In 2000 this sector employed 21,200 workers paying \$787 million in wages.

The National Agricultural Statistics Service estimates the value of agricultural products sold during 2001 at \$1.8 billion. There were 6,235 full-time farmers and another 5,849 part-time producers in Maryland. The average age of Maryland farmers was 55.2 years.

Agricultural products were produced on 12,084 farms comprising 2,154,875 acres or 35 percent of the land area of Maryland. Most farms, about 75 percent, were 179 acres or smaller. Only 8 percent were 500 acres or larger.

The top five agricultural commodities produced in 2001 were broilers, greenhouse and nursery crops, dairy products, corn for grain and soybeans. Maryland ranked 8<sup>th</sup> in the United States in broiler production and 14<sup>th</sup> in value of poultry and poultry products sold, according to the 1997 Census of Agriculture. The value of agricultural products sold directly to individuals increased from \$7.4 million in 1992 to \$8.7 million in 1997, which represented a slight increase—one-tenth of a percent—in total sales.

## **B. Changes in Agriculture**

Maryland farms are a vital part of the national food and farming system. As such, they are not immune to the national trends toward consolidation, increasing farm size and increased competition.

Farmer/agribusiness survey participants pointed out the following national industry trends and how they have affected Maryland agriculture:

- Technological advances in the last 25 years have made Maryland's farms more productive, efficient and competitive.
- Industry consolidation and the "getting bigger" phenomenon were reported in most agricultural sectors.
- Diversification is seen as a predominant local trend, but farmers need technical and financial support to diversify successfully.
- Farmers have become more business oriented, requiring more sophisticated management tools and greater access to capital.
- Non-farm development in agricultural areas, as well as increased environmental scrutiny across the state, required farmers to interact more with the public and educate them about the ever-evolving agricultural industry.

Responding to these trends, farmers and agribusiness representatives called for more public education. They endorsed a proactive approach to telling their stories to new residents and to reminding all residents of their role in the community. Vegetable, grain and poultry farmers reported that they reach the non-farm community by hosting tours and speaking to groups. A grain farmer echoed this sentiment, saying that farmers need to educate the public about farming. "We do a talk with school kids. They get a lot out of it. We feel like we are touching base and letting them know what's happening on the farm."

## **C. Securing a Future for Agriculture**

Farmers and agricultural industry representatives indicated many areas that need to be addressed to help them continue as a profitable and viable agricultural/resource based industry in the future. While MALPF cannot be expected to address all of these complex issues, understanding what agricultural operators are most concerned about can help guide the program so that it is providing as much support as possible.

### ***Dealing with Environmental Regulations***

Across the board, farmers and agribusiness representatives were concerned about environmental regulations and increased government involvement in agricultural production because of the cost and stress the regulations place on the farm enterprise and the feeling of weakened state support for agriculture indicated by such measures. In the spring of 1998, the Maryland General Assembly passed the Maryland Water Quality Improvement Act (WQIA). This legislation grew from the 1997 Citizen's Pfiesteria Action Commission, which found that there was a probable link between Pfiesteria populations (which were associated with toxic algal events on the lower Eastern Shore of Maryland) and dissolved phosphorus in farm runoff from soils with excessive soil test phosphorus levels.

WQIA regulations employ a broad sweeping strategy to reduce nutrient levels, particularly phosphorus, in Maryland's rivers and streams, arguably the toughest water quality regulations in the country. The legislation gives the MDA enforcement authority of the following mandates:

- Nutrient management plans required on almost all Maryland farms (all agricultural operations with gross annual incomes in excess of \$2,500, or livestock operations with more than eight animal units). The plans were to be submitted to the MDA by December 31, 2001, and implemented by December 31, 2002. Farmers applying sludge or manure are required to have nitrogen-based nutrient management plans submitted and implemented in this time frame but

must develop a nitrogen and phosphorus-based plan by July 1, 2004, and implement that plan by July 1, 2005. Violators of the regulation are fined and ineligible for cost-share assistance.

- Commercial applicators servicing farmland must be certified by the Maryland Nutrient Management Program or perform work under a certified nutrient management consultant. Private applicators servicing more than 10 acres of farmland, which they own or manage, are required to complete a Maryland Department of Agriculture education program in nutrient application once every three years.
- Commercial and private applicators servicing three or more acres of non-agricultural land or state property are required to perform applications in accordance with the recommendations of the University of Maryland Cooperative Extension Service.
- Poultry contractors were required to incorporate phytase or other enzymes or additives to chicken rations to reduce phosphorus content of poultry manure by December 31, 2000.

WQIA was a departure from Maryland's traditional voluntary and incentive-based approach to nutrient management and pollution control. Financial impacts were partially mitigated with cost-share assistance for writing plans, assistance from additional state soil conservation staff for writing plans, a tax credit for the transition to a phosphorus-based nutrient management plan and tax deductions for purchase of manure spreading equipment. Funding was allocated to create a poultry litter buyer/seller matching service, poultry litter transportation program and poultry litter utilization research.

Implementation of the regulations faced numerous hurdles. An insufficient number of certified nutrient management planners was available to write the plans. Some farmers refused to comply with the Act, claiming the legislation is not backed by adequate scientific proof. The MDA reported that only 20 percent of the required farms submitted plans by the December 31, 2001, deadline. Another 36 percent of Maryland farms had not filed for delays or otherwise contacted the department.

While participants in this study reported becoming more environmentally aware as public scrutiny and regulations increased, many also expressed concern about these regulations and the role the government was playing in agricultural production. Specifically, they were concerned that these regulations discourage investment and participation in Maryland's agriculture industry, negatively impact farm profitability, limit the ability for farms to grow and maintain competitiveness, and were overly burdensome and expensive for small farms. They were further concerned that the regulations unfairly discriminate against farmland owners without holding non-farm businesses and non-farm citizens equally accountable for their negative contributions to environmental quality.

As one participant suggested, an "equilibrium point" or middle ground at which opposing groups can interact must be established in order to achieve scientifically based nutrient and pollution management goals in a manner that is sustainable for the industry.

### ***Addressing Profitability***

Farmers of traditional commodities such as poultry, grains, dairy and beef reported greater concern about profitability than those who have diversified into new enterprises. Vegetable, horticultural, direct market and diversified operations were more positive about the future than those in traditional commodities.

Participants realize that farmland preservation programs are not responsible for agricultural profitability. However, all sectors conveyed concern for farm profitability and directly correlated farm profitability with the success of farmland preservation programs.

Beef, dairy and poultry farmers reported temporary price stability and profitability. Grain farmers repeatedly commented on the tight operating margins, low prices and dependence on government programs. Farmers involved in direct marketing of high-value products and agri-tourism enterprises were more positive about short- and long-term profitability. Grain and vegetable farmers commented that with processing facilities located in their area, they would be able to realize more profit.

Many farmers reported diversification as a predominant local trend. However, due to lack of available labor, skills or desire to direct market products, some farmers are moving to less intensive and smaller margin grain or beef cattle farming and depending on scale to be profitable. One vegetable farmer pointed out, "There are not many vegetables grown in the area, even though it is fairly profitable."

### ***Addressing Transition to the Next Generation***

Twenty-two of 27 survey participants (81.4 percent) reported transition of the farm business to the next generation to be "important" or "very important" to their operation or business. Only 18.5 percent felt that transition to the next generation was not important to them. Issues that were identified as significant to farm business transition included the interest of the next generation, profitability, employment opportunities in other industries, needs for financial assistance, farm management, practical training and inheritance taxes.

### ***Encouraging Agricultural Economic Development***

Agricultural economic development has the potential to make a vital contribution to the maintenance of the industry, with greater landowner awareness, improved funding and commitment from the state.

Survey respondents were largely unaware of the Maryland Department of Agriculture's Office of Agricultural Development Services and its programs, including the Maryland Farm Link Program. Fifty-eight percent of respondents said that they were "unaware" of the Office of Agricultural Development Services. Similarly, 42 percent of respondents were "unaware" of the Maryland Farm Link Program. Clearly there's a need to spread the word and encourage greater cross-pollination between programs.

#### Agribusiness Development Program

The Agribusiness Development Program was launched in July of 1996 to "assist persons starting or expanding agriculture-related businesses." The office offers "individualized help to develop business plans, obtain financing, meet State and federal regulatory requirements, and market products." The office also takes on projects to enhance the overall farming environment. These projects include participation in a task force to improve financing opportunities for resource-based businesses, developing a food/added-value business incubator and promoting farm participation in heritage tourism.

As of October 2001, the program had served 350 people. The program has been successful in its goals to assist individuals, however its effectiveness at helping those individuals start or expand farms has never been measured.

A well-funded and staffed Agribusiness Development Office could lend vital support for small farms. Farmer/agribusiness survey participants noted improvements in information and technology to meet small farm needs, however, they expressed concern that their access to federal, state and local programs continues to be limited due to eligibility and applicability.

#### County Agricultural Economic Development

Seven counties maintain an employee in economic development specifically for promoting and supporting the industry of agriculture (Cecil, Harford, Howard, Montgomery, Carroll, St. Mary's and Frederick). These employees deal with agricultural profitability and agribusiness



development. Other counties value and emphasize agriculture development within overall economic development initiatives. Recognizing the importance of agriculture to local economies and rural vitality and providing needed support for industry maintenance and expansion are critical to the future of agriculture in Maryland.

#### Maryland Farm Link Program

Maryland's Farm Link Program was established in 1998 and is housed in MDA's Office of Agribusiness Development Services. The program exists with no committed funding. The goal of the program is to help people retiring from farming with no heirs to continue the farm business by linking them with individuals entering farming. The program initiates matches of exiting and entering farmers through voluntary listings in a Web-based database. The program also directs farmers to needed resources such as business financing, technical assistance literature, agribusiness development assistance, workshops and University of Maryland Cooperative Extension technical experts.

#### Farm Viability Programs

A few states have dedicated significant funding and staff resources to address agricultural viability and profitability issues in order to protect their investments in farmland preservation. These states recognize and embrace the importance of farm profitability to the long-term success of farmland preservation efforts. For more information, please see Appendix V for descriptions of the farm viability programs in Connecticut, Maine, Massachusetts, Minnesota (two programs), New Jersey and New York.

## VI. CONCLUSIONS AND RECOMMENDATIONS

Maryland has a long history of programmatic and financial commitment to preserving its agricultural land and the industry that supports it. MALPF is Maryland's cornerstone program and ranks second in acres protected among the 19 active state-level agricultural easement acquisition programs. Because it is one of the oldest farmland protection programs and because it has been so successful, it has been a model for programs across the United States.

MALPF has made significant strides toward reaching its program goals to provide "...sources of agricultural products within the State for the citizens of the State; control the urban expansion which is consuming the agricultural land and woodland of the State; curb the spread of urban blight and deterioration; and protect agricultural land and woodland as open-space land."

As study participants concluded, with the current economic strain and conversion pressure faced by rural landowners, this is no time to back off or give up on MALPF and farmland preservation. This is the time to prove the state's support of farmland preservation, the agricultural industry and Maryland's rural economy with a serious commitment of resources and program innovations. It is time for Maryland's county and state farmland preservation stakeholders to set the vision for a secure and profitable agricultural industry for the next 25 years.

The following conclusions and recommendations are offered *in addition* to those of the MALPF Task Force to improve and strengthen MALPF while also invigorating state commitment to farmland preservation and the agricultural industry. They are based on AFT's extensive research for this project, and the input of farmers, agribusiness representatives and the MALPF Task Force members who reviewed drafts and offered comments.

### Conclusion 1

#### **MALPF is essential to the future of agriculture in Maryland**

*"If there is a lot of preservation in your area, you feel more secure."*

Poultry farmer

As we have seen in this study, during the past 25 years, MALPF has been extremely successful in meeting the original goals as outlined in 1977 by the General Assembly and achieved the following accomplishments:

- ***MALPF has helped stabilize the land base*** – MALPF was one of the first state farmland preservation programs to organize and purchase an agricultural easement and to date has protected 217,460 acres. MALPF also has a total of 398,928 acres covering 3,062 parcels enrolled in the district program (MALPF Program Year 2002 Annual Report).
- ***MALPF has protected more farmland than has been lost*** – During three of the last four years, MALPF protected more agricultural land than was converted to other uses. In addition, MALPF has been used by many counties to justify and balance agricultural zoning regulations, which further stabilizes the land base available for agriculture across the state.
- ***MALPF has built trust and recognition*** – While other land protection programs have unique benefits and advantages, only MALPF focuses solely on the protection of productive agricultural land. MALPF is administered by representatives of the agricultural community, the program criteria focus on the agricultural use of the land and the easement reflects agriculture as the primary conservation purpose. As a result, MALPF is well recognized and trusted by the farming community in Maryland. The fact that the program has existed for more than 25 years and has

historically been well funded gives farmers confidence that the program will be available not only to those who are currently in the program, but to those who also may be interested in the future.

- ***MALPF has provided farmers and landowners with significant financial capital and flexibility*** – To date, MALPF and participating counties have invested more than \$295 million in Maryland’s farms. All industry sectors and regions of the state commended the program for providing landowners with options and choices for financial management.
- ***MALPF has encouraged county farmland protection efforts*** – The program encourages counties to implement locally designed farmland protection programs and establish local farmland protection practices through financial incentives. It also encourages the development and implementation of county policies and programs that complement MALPF’s agricultural district and easement acquisition programs.

## **Conclusion 2**

### **MALPF is essential to balancing growth in Maryland**

*“The agricultural preservation program has established fairness in growth policies.”*

Agribusiness representative.

For more than 25 years, MALPF has served as a cornerstone of Maryland’s successful growth management efforts and has made regulations more fair and more lasting as a result. In recent years, where new programs such as Rural Legacy and GreenPrint have been implemented to protect important natural resources in Maryland, these programs have been successful in part because they have built on the groundwork established by MALPF. While MALPF may not currently be as strategic in its focus as Program Open Space, Rural Legacy or GreenPrint, MALPF has helped contribute to the success of these programs, with numerous counties using MALPF easements as anchors for their priority preservation areas. MALPF has played, and continues to play, a necessary and vital role in Maryland’s broader natural resource protection and growth management efforts.

Maryland continues to recognize and promote the important role that agricultural land protection plays in balancing growth. During the fiscal year 2002 legislative session, the General Assembly passed Joint Resolution 16, entitled “Preservation of Agricultural Land.” In particular, Resolution 16 states that “it is generally essential to Maryland’s economic and environmental stability and growth, and particularly to maintain an agricultural economy in the State, to preserve large, contiguous areas of prime and productive agricultural land.”

This resolution established a new acreage goal for working land protection that aims to triple the amount of farmland protected by 2022. According to MALPF, the current baseline, which includes MALPF’s easement acquisitions, Rural Legacy, GreenPrint’s easement acquisitions and local preservation programs, is 343,333 acres. As a result, the state has now set a goal of protecting more than one million acres of farmland through these various programs in the next 20 years.

### **Conclusion 3**

#### **Additional policies are needed to ensure the future of Maryland's agriculture**

*"MALPF needs to also focus on protecting the farmer and not just the resource. They or someone else should ensure that the farmer stays in farming."*

County program administrator.

As indicated in our surveys with county administrators, farmers and the agricultural industry, there is much concern that if those interested in preserving farmland only focus on acquiring easements, the result will be that Maryland has plenty of open space without farmers who are willing to farm that ground. While many communities have begun to address this issue, planning for the future of agriculture and ensuring agricultural viability in Maryland need to be key components of the state's agricultural and natural resource protection strategies. Planning for agriculture also is important if the state truly wants to meet the original goals outlined by the General Assembly in 1977 of providing agricultural products within the state for the people of the state. While this task was originally included as part of the programmatic goal of MALPF, we feel that this effort should be broader than MALPF and considered outside its scope.

### **Policy Recommendations**

- ***MALPF needs a significant increase in state funding***

If the state is truly interested in meeting the goals outlined for MALPF, there needs to be continued support for MALPF both financially and politically. To ensure that the agricultural community in Maryland feels confident that this program will be available not only in the short term but also in the future, we recommend that the 2004 General Assembly once again allocate a minimum of 17.05 percent of Program Open Space funds from the state real estate transfer tax to serve as the primary funding source for MALPF. In addition, we recommend that the state explore options such as increasing the state real estate and/or agricultural transfer tax and allocate the additional \$26 million that MALPF estimated will be needed per year to meet the state farmland protection goal set for 2022.

- ***MALPF needs additional staffing***

MALPF needs at least two more senior-level staff to administer the state program effectively. These additional staff would allow MALPF to process the expected increase in easement applications, to provide better monitoring of MALPF easements and to provide the increased technical assistance and outreach that county administrators expressed were needed. Farmers and county program administrators also conveyed the need for regular review of program policies and procedures to ensure that MALPF meets the needs of farmers today, for example, responding to changes in the agricultural industry away from commodity production to more consumer-oriented operations. These additional staff would allow MALPF to be more proactive in meeting the needs of farmers and landowners.

- ***Maryland needs to plan for agriculture***

Preserving land is no longer enough to meet the goals laid out by the General Assembly. The Department of Business and Economic Development (DBED) should directly support agriculture as an important economic engine. This could include having agricultural representation on the Maryland Economic Development Commission, which establishes economic development policy and oversees the department's efforts to attract and retain businesses. In addition, DBED should have a separate division or office that focuses solely on encouraging and retaining agricultural operations in Maryland.

Maryland also should commission a task force that represents key leaders from farm and forest

groups and industries, as well as environmental groups and other stakeholders, and task them with developing a statewide vision for the future of agriculture in Maryland. This task force could be asked to examine the current state of agriculture and provide suggestions that allow Maryland agriculture to remain competitive, vibrant and once again positive about the future. Maryland already has the beginnings of this task force with the Maryland Agricultural Commission, which is comprised of 24 members representing various industries within Maryland agriculture and housed in the Department of Agriculture.

- ***Maryland needs to reach a middle ground on environmental issues***

All farmers and agribusiness representatives expressed concern about environmental regulation and the role the government was playing in agricultural production. Specifically, they were concerned that regulations discourage investment and participation in Maryland's agriculture industry, negatively impact farm profitability, limit the ability for farms to grow and maintain competitiveness, and were overly burdensome and expensive for small farms. Furthermore, the survey respondents felt that regulations unfairly discriminate against farmland owners without holding non-farm businesses and non-farm citizens equally accountable for their negative contributions to environmental quality.

The state should set up a process that will enable agricultural and environmental groups to agree on ways to achieve nutrient and pollution management goals in a manner that is workable for the agricultural industry. First, focus groups should be held with agricultural representatives to identify the environmental regulations of greatest concern. Participants could suggest alternatives for achieving the intended results. Then, another series of focus groups should be convened with representatives from agricultural and environmental groups to discuss the draft recommendations and work toward agreement. This process may work to heal the rift that exists in Maryland between the environmental and agricultural communities.