

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 64

PRINTER NO. 40

AMOUNT

No Fiscal Impact

FUND

Agricultural Conservation Easement Purchase Fund

DATE INTRODUCED

January 20, 2021

PRIME SPONSOR

Senator Martin

DESCRIPTION

Senate Bill 64 amends the Agricultural Area Security Law to direct a portion of the annual allocation made from the Agricultural Conservation Easement Purchase Fund (fund) for the purchase of agricultural conservation easements (easements) to land trusts.

The legislation provides for the State Land Preservation Board (state board) to annually allocate \$2,500,000 from the fund for the purpose of reimbursing land trusts for the purchase of easements and \$500,000 for the purpose of reimbursing land trusts for transaction expenses related to purchasing easements. At present, the law provides for the annual allocation of \$200,000 for the purpose of reimbursing land trusts for transaction expenses related to purchasing easements.

The legislation specifies that the allocation made for the purpose of reimbursing land trusts for the purchase of easements shall not exceed 10% of the annual allocation made to counties for easements and that up to 10% of the funds allocated for the purpose of reimbursing land trusts for transaction expenses related to purchasing easements may be used for administrative expenses incurred by the Department of Agriculture.

The legislation provides that the reimbursement for the purchase of an easement through the land trust program shall not exceed \$2,500 per acre or 50% of the appraised per-acre value, whichever is less. It also provides that an easement shall: (1) contain at least 10 acres; (2) contain at least 50% harvested cropland, pasture or grazing land; and (3) meet the minimum application criteria for easements as contained in regulations.

The legislation specifies that a land trust must provide matching funds equal to the amount of the reimbursement for the purchase of an easement. Up to 50% of the donated value of the easement may be used to satisfy the matching requirement. It also prohibits reimbursement to a land trust for the expense of purchasing an easement jointly with a county and limits reimbursement for transaction-related expenses to \$10,000 per easement.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Further, the legislation provides that if a land trust ceases to exist, an easement purchased by the land trust which was reimbursed for purchase costs shall be transferred to the county where the easement was recorded or the state board.

The legislation is scheduled to take effect in 60 days.

FISCAL IMPACT:

The enactment of Senate Bill 64 will have no fiscal impact on Commonwealth funds. The legislation provides for a portion of funds (\$2,800,000) that would otherwise be allocated to counties to purchase easements through the existing formula contained in the act to be allocated by the State Land Preservation Board to land trusts for reimbursement for the purchase of easements and transaction expenses.

For information purposes, it is anticipated that approximately \$40 million will be disbursed from the Agricultural Conservation Easement Purchase Fund to pay for easements in Fiscal Year 2020-21.