

agricultural land as changed over the years to first the development tax and now the Agricultural Transfer Tax, the concept of the tax, as a disincentive to the conversion of agricultural land and a penalty when that land is converted to another use, has remained intact.

The application of the Agricultural Transfer Tax to land receiving the planned development special assessment, as provided for in Senate Bill 778, will also serve as a disincentive to the development of the land and additionally as a penalty if the land is developed. It is this application that gives me serious concern. Clearly, imposition of this tax would serve to counteract the very incentive intended by the General Assembly in enactment of the planned development special assessment.

As a consequence, the benefit to the landowner in the form of a special assessment would be negated if the Agricultural Transfer Tax were imposed even though planned, orderly and staged development was being accomplished in accordance with all applicable criteria. I find it unfair to impose a form of a penalty tax upon a landowner who has not violated either the letter or the spirit of a law that is designed for the mutual benefit of the landowner and the general public. At the same time, it is incongruous to, in effect, reject a land use strategy which has served the State of Maryland so well. The jobs and taxes generated by these communities, not to mention the social and recreational benefits, should not be minimized.

In conclusion, I am vetoing Senate Bill 778 because it will serve as a disincentive to the development and continued growth of planned communities in Maryland; because it will have the effect of imposing a penalty tax in an instance where the intent of the current law was accomplished; and because it will unnecessarily escalate the cost of housing to many of our citizens.

Sincerely,  
Harry Hughes  
Governor

Senate Bill No. 778

AN ACT concerning

Property Assessments - Transfer Tax on Special Assessments

FOR the purpose of providing that real property subject to a special assessment is subject to an agricultural transfer tax under certain conditions after a certain taxable year; providing for termination of a special assessment under certain circumstances; and making stylistic changes.

BY repealing and reenacting, with amendments,