

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 359  
Ways and Means

(Delegate Roberson, *et al.*)

Budget and Taxation

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**Property Tax Credit - Urban Agricultural Property - Alterations**

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This bill alters a local option property tax credit for specified urban agricultural property. **The bill takes effect June 1, 2026, and applies to taxable years beginning after June 30, 2026.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** County and municipal property tax revenues may decrease by a minimal amount beginning in FY 2027 to the extent that local jurisdictions grant the property tax credit and the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit. Local expenditures are not affected.

**Small Business Effect:** Potential meaningful. Small businesses involved in urban agricultural activities could benefit from reduced property taxes if they receive the property tax credit.

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**Analysis**

**Bill Summary:** The bill alters the definition of urban agricultural property by repealing the requirement that urban agricultural property (1) be at least one-eighth of an acre and not more than five acres and (2) be located in a specified priority funding area. Instead, the bill specifies that urban agricultural property is real property that is not assessed as specified agricultural land.

The bill expands the definition of urban agricultural purposes to include indoor and outdoor crop production activities, production of value-added agricultural products, beekeeping, raising livestock, composting, hydroponics and other soilless or controlled-environment crop production methods, pollinator habitat creation and maintenance, and agricultural education and agritourism activities. The bill also includes all produce stands; under current law, only temporary produce stands are eligible.

The bill requires a jurisdiction that determines the tax credit to be ineffective and moves to terminate the tax credit to provide the public with notice of the termination at least one year in advance and the opportunity for comment and appeal.

Jurisdictions may prioritize renewals of the tax credit based on the specific priorities of the individual jurisdiction.

**Current Law:** Local governments are authorized to grant, by law, a tax credit against the county or municipal property tax imposed on urban agricultural property. Urban agricultural property is defined as real property that is (1) at least one-eighth of an acre and not more than five acres; (2) located in a specified priority funding area; and (3) used for urban agricultural purposes. Urban agricultural purposes is defined as (1) crop production activities, including the use of mulch or cover crops to ensure maximum productivity and minimize runoff and weed production; (2) environmental mitigation activities, including stormwater abatement and groundwater protection; (3) community development activities, including recreational activities, food donations, and food preparation and canning classes; (4) economic development activities, including employment and training opportunities, and direct sales to restaurants and institutions; and (5) temporary produce stands used for the sale of produce raised on the premises.

The credit must be granted for five years. However, the jurisdiction granting a tax credit must evaluate the effectiveness of the credit after three years. If the jurisdiction determines that the tax credit is ineffective in promoting urban agricultural purposes, the jurisdiction may terminate the tax credit. The jurisdiction granting a tax credit may extend the tax credit for an additional five years.

Local governments may provide, by law, for (1) the amount of the tax credit; (2) additional eligibility criteria for the tax credit; (3) regulations and procedures for the application and uniform processing of requests for the tax credit; and (4) any other provision necessary to carry out the tax credit.

**Local Fiscal Effect:** County and municipal property tax revenues may decrease beginning in fiscal 2027, to the extent that local jurisdictions grant the property tax credit and the changes to existing eligibility requirements result in additional individuals becoming eligible for the property tax credit. Due to the limited number of existing property tax credit

recipients under the existing program, any potential revenue decrease under the bill is expected to be minimal.

Three jurisdictions (Baltimore City, Montgomery County, and Prince George’s County) have enacted the property tax credit. Baltimore City did not provide any property tax credits in fiscal 2024 or 2025, but is providing one property tax credit for \$3,900 in fiscal 2026. Montgomery County has provided property tax credits to seven property owners in the following amounts: \$24,411 in fiscal 2023, \$21,801, in fiscal 2024, and \$22,457 in fiscal 2025. Prince George’s County did not provide any property tax credits in fiscal 2024, but provided one individual with a \$4,400 property tax credit in fiscal 2025.

The [\*Guide to Local Government Taxing Authority\*](#) provides an overview on each county government’s statutory authority to establish property tax credits and exemptions.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 907 of 2025.

**Designated Cross File:** None.

**Information Source(s):** Baltimore City; Montgomery and Prince George’s counties; Maryland Association of Counties; Maryland Municipal League; State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 2, 2026  
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