

# SENATE BILL 516

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9lr2288  
CF HB 449

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By: **Senators Middleton, Colburn, ~~and Glassman~~ Glassman, Conway, Dyson, Pinsky, Rosapepe, Lenett, Harrington, Greenip, and Harris**

Introduced and read first time: February 5, 2009

Assigned to: Education, Health, and Environmental Affairs

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 2009

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Organic Transition Investment Pilot Program (MO-TIPP)**

3 FOR the purpose of establishing the Maryland Organic Transition Investment Pilot  
4 Program in the Department of Agriculture; requiring the Secretary of  
5 Agriculture to develop and implement the Pilot Program under certain  
6 circumstances; requiring the Department to submit a certain report on or before  
7 a certain date; establishing the Organic Agriculture Development Fund;  
8 establishing the purpose and uses of the Fund; requiring the Secretary to  
9 administer the Fund; establishing that the Fund is a special, nonlapsing fund;  
10 establishing eligibility requirements for the Fund; requiring certain producers  
11 that receive certain funding to report to the Department on or before a certain  
12 date; requiring the Department to adopt certain regulations; defining certain  
13 terms; providing for the interpretation of this Act; providing for the termination  
14 of this Act; and generally relating to organic agricultural production.

15 BY adding to

16 Article – Agriculture

17 Section 10–14A–01 through 10–14A–05 to be under the new subtitle “Subtitle  
18 14A. Maryland Organic Transition Investment Pilot Program”

19 Annotated Code of Maryland

20 (2007 Replacement Volume and 2008 Supplement)

21 Preamble

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 WHEREAS, There is an intent and interest to provide assistance in promoting  
2 organic agricultural production in the State; and

3 WHEREAS, The demand for organic products, both domestic and imported, has  
4 increased markedly in recent years; and

5 WHEREAS, The Pilot Program created by this Act will be designed to increase  
6 agricultural revenue in the State by expanding the State's current crop yield to  
7 maximize the production of high-demand organic products; and

8 WHEREAS, There are funds available from a federal agricultural appropriation  
9 that could be earmarked to the State to assist family farms in growing organic crops;  
10 and

11 WHEREAS, It is the intent of the General Assembly to establish a 3-year pilot  
12 program to access federal funding for the expansion of organic production among the  
13 State's family farms; now, therefore,

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Agriculture**

17 **SUBTITLE 14A. MARYLAND ORGANIC TRANSITION INVESTMENT PILOT**  
18 **PROGRAM.**

19 **10-14A-01.**

20 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
21 INDICATED.

22 (B) "ELIGIBLE COSTS" MEANS:

23 (1) THE COST OF IMPLEMENTING ORGANIC AGRICULTURAL  
24 PRODUCTION PRACTICES CONSISTENT WITH AN ORGANIC FARM PLAN,  
25 INCLUDING:

26 (I) FARM INFRASTRUCTURE, AS DEFINED BY REGULATIONS  
27 ADOPTED BY THE DEPARTMENT IN ACCORDANCE WITH § 10-14A-05 OF THIS  
28 SUBTITLE; AND

29 (II) LIVESTOCK WELFARE MEASURES;

30 (2) TECHNICAL AND EDUCATIONAL ASSISTANCE;

31 (3) REVENUE LOSS; AND

1           (4) OTHER COSTS THE DEPARTMENT DETERMINES ARE  
2 APPROPRIATE.

3           (C) “FUND” MEANS THE ORGANIC AGRICULTURE DEVELOPMENT  
4 FUND.

5           (D) “ORGANIC FARM PLAN” MEANS A PLAN ESTABLISHED BY A  
6 PRODUCER THAT MEETS THE REQUIREMENTS ESTABLISHED BY THE  
7 DEPARTMENT FOR THE MANAGEMENT OF TRANSITIONAL ORGANIC  
8 AGRICULTURAL PRODUCTION.

9           (E) “PILOT PROGRAM” MEANS THE MARYLAND ORGANIC TRANSITION  
10 INVESTMENT PILOT PROGRAM.

11           (F) “PRODUCER” MEANS A PERSON ENGAGED IN THE BUSINESS OF  
12 PRODUCING AGRICULTURAL COMMODITIES OR CAUSING AGRICULTURAL  
13 COMMODITIES TO BE PRODUCED IN THE STATE.

14           (G) “REVENUE” MEANS THE AMOUNT DETERMINED BY MULTIPLYING  
15 THE MARKET PRICE PAID TO A PRODUCER FOR AN AGRICULTURAL PRODUCT BY  
16 THE PRODUCER’S ACTUAL YIELD FOR THAT AGRICULTURAL PRODUCT.

17           (H) “REVENUE LOSS” MEANS THE AMOUNT EQUAL TO THE DIFFERENCE  
18 BETWEEN THE AVERAGE OF THE PRODUCER’S REVENUES FOR THE 3 YEARS  
19 PRIOR TO THE FIRST YEAR OF TRANSITIONING TO ORGANIC AGRICULTURAL  
20 PRODUCTION AND THE REVENUE FOR THE CURRENT YEAR OF ORGANIC  
21 AGRICULTURAL PRODUCTION.

22           (I) “TECHNICAL AND EDUCATIONAL ASSISTANCE” MEANS THE  
23 CONVEYANCE OF INFORMATION AND COUNSEL REGARDING ECONOMIC AND  
24 BUSINESS PLANNING, MARKETING, AND ORGANIC PRACTICES, SUCH AS  
25 ENTOMOLOGICAL PRACTICES AND PEST AND WEED CONTROL AND PREVENTION,  
26 THAT SATISFY ORGANIC PRACTICES.

27 10-14A-02.

28           (A) THERE IS A MARYLAND ORGANIC TRANSITION INVESTMENT PILOT  
29 PROGRAM IN THE DEPARTMENT.

30           (B) SUBJECT TO THE AVAILABILITY AND APPROPRIATION OF FUNDING,  
31 THE SECRETARY SHALL DEVELOP AND IMPLEMENT THE PILOT PROGRAM IN  
32 ACCORDANCE WITH THIS SUBTITLE.

1           (C)    **THE PURPOSE OF THE PILOT PROGRAM IS TO PROVIDE FINANCIAL**  
2 **ASSISTANCE TO PRODUCERS FOR ELIGIBLE COSTS ASSOCIATED WITH**  
3 **TRANSITIONING TO ORGANIC AGRICULTURAL PRODUCTION.**

4   **10-14A-03.**

5           **ON OR BEFORE NOVEMBER 15 OF EACH YEAR, THE DEPARTMENT SHALL**  
6 **REPORT ON THE STATUS OF ORGANIC AGRICULTURE IN THE STATE TO THE**  
7 **GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT**  
8 **ARTICLE, THE GENERAL ASSEMBLY.**

9   **10-14A-04.**

10           (A)   **THERE IS AN ORGANIC AGRICULTURE DEVELOPMENT FUND.**

11           (B)   **THE PURPOSE OF THE FUND IS TO PROVIDE FINANCIAL ASSISTANCE**  
12 **TO PRODUCERS FOR THE ELIGIBLE COSTS ASSOCIATED WITH TRANSITIONING**  
13 **TO ORGANIC AGRICULTURAL PRODUCTION IN ACCORDANCE WITH THIS**  
14 **SECTION.**

15           (C)   **THE SECRETARY SHALL ADMINISTER THE FUND.**

16           (D)   (1)   **THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
17 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

18                   (2)   **THE STATE TREASURER SHALL HOLD THE FUND**  
19 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

20           (E)   (1)   **THE STATE TREASURER SHALL INVEST THE MONEY OF THE**  
21 **FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

22                   (2)   **ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**  
23 **CREDITED TO THE GENERAL FUND OF THE STATE.**

24           (F)   **THE FUND CONSISTS OF:**

25                   (1)   **MONEY RECEIVED BY THE STATE FROM ANY ENTITY**  
26 **RECEIVING FEDERAL FUNDING FOR THE PURPOSES CONSISTENT WITH THIS**  
27 **SUBTITLE;**

28                   (2)   **MONEY RECEIVED BY THE STATE FROM THE FEDERAL**  
29 **GOVERNMENT FOR PURPOSES CONSISTENT WITH THIS SUBTITLE;**

1           **(3) MONEY ALLOCATED OR GRANTED TO THE FUND BY THE**  
2 **FEDERAL GOVERNMENT; AND**

3           **(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**  
4 **FOR THE BENEFIT OF THE FUND.**

5           **(G) A PRODUCER IS ELIGIBLE FOR FUNDING UNDER THIS SECTION FOR**  
6 **A PERIOD OF 3 CONSECUTIVE YEARS IF THE PRODUCER:**

7           **(1) SUBMITS TO THE DEPARTMENT AN ORGANIC TRANSITION**  
8 **PLAN THAT CONTAINS:**

9                   **(I) AN ORGANIC FARM PLAN;**

10                   **(II) THE ANTICIPATED ELIGIBLE COSTS ASSOCIATED WITH**  
11 **IMPLEMENTING ORGANIC AGRICULTURAL PRODUCTION PRACTICES**  
12 **CONSISTENT WITH AN ORGANIC FARM PLAN; AND**

13                   **(III) A SCHEDULE DETAILING THE ANTICIPATED REVENUE**  
14 **LOSS FOR THE PART OF THE PRODUCER'S AGRICULTURAL OPERATION THAT**  
15 **THE PRODUCER INTENDS TO CONVERT TO ORGANIC AGRICULTURAL**  
16 **PRODUCTION FOR 3 YEARS PRECEDING THE DATE OF THE ORGANIC TRANSITION**  
17 **PLAN;**

18           **(2) SUBMITS AN APPLICATION TO THE DEPARTMENT FOR A**  
19 **MARYLAND ORGANIC TRANSITIONAL CERTIFICATE;**

20           **(3) ENTERS INTO AN AGREEMENT WITH THE DEPARTMENT THAT**  
21 **OBLIGATES THE PRODUCER TO MAINTAIN ORGANIC CERTIFICATION FOR A**  
22 **PERIOD OF 5 CONSECUTIVE YEARS; AND**

23           **(4) AGREES TO RECEIVE TECHNICAL AND EDUCATIONAL**  
24 **ASSISTANCE WITH REGARD TO THE DEVELOPMENT AND IMPLEMENTATION OF**  
25 **ORGANIC PRACTICE STANDARDS, INCLUDING MARKETING, BUSINESS, AND RISK**  
26 **MANAGEMENT PLANS.**

27           **(H) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ELIGIBLE**  
28 **COSTS PAYABLE TO A PRODUCER UNDER THIS SUBTITLE SHALL BE LIMITED TO**  
29 **\$100 PER ACRE, NOT TO EXCEED 20 ACRES OF FARMLAND MANAGED UNDER AN**  
30 **ORGANIC FARM PLAN.**

31           **(2) THE SECRETARY MAY ESTABLISH BY REGULATION**  
32 **CONDITIONS UNDER WHICH ASSISTANCE MAY BE PROVIDED FOR ACREAGE THAT**  
33 **EXCEEDS 20 ACRES.**

1           **(I) BY DECEMBER 31 OF EACH YEAR, A PRODUCER THAT APPLIES FOR**  
 2 **A PAYMENT UNDER THIS SECTION SHALL SUBMIT TO THE DEPARTMENT A**  
 3 **REPORT OF ACTUAL REVENUE LOSS RESULTING FROM TRANSITIONING TO**  
 4 **ORGANIC AGRICULTURAL PRODUCTION.**

5           **(J) A PRODUCER IS RELEASED FROM ANY OBLIGATION THAT ARISES**  
 6 **UNDER SUBSECTION (G) OF THIS SECTION IF THE PILOT PROGRAM DOES NOT**  
 7 **RECEIVE SUFFICIENT FUNDS IN FISCAL YEAR 2011 OR 2012.**

8 **10-14A-05.**

9           **THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE**  
 10 **PROVISIONS OF THIS SUBTITLE.**

11           SECTION 2. AND BE IT FURTHER ENACTED, That this Act may not be  
 12 interpreted as requiring the use of State funding for establishing and implementing  
 13 the Maryland Organic Transition Investment Pilot Program.

14           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 15 July 1, 2009. It shall remain effective for a period of 3 years and, at the end of June 30,  
 16 2012, with no further action required by the General Assembly, this Act shall be  
 17 abrogated and of no further force and effect.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.