

## CHAPTER 553

(Senate Bill 516)

AN ACT concerning

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

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

BY adding to

Article – Agriculture

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

Annotated Code of Maryland

(2007 Replacement Volume and 2008 Supplement)

#### Preamble

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

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

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

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

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

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

**Article - Agriculture**

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

**10-14A-01.**

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

(B) "ELIGIBLE COSTS" MEANS:

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

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

(II) LIVESTOCK WELFARE MEASURES;

(2) TECHNICAL AND EDUCATIONAL ASSISTANCE;

(3) REVENUE LOSS; AND

(4) OTHER COSTS THE DEPARTMENT DETERMINES ARE APPROPRIATE.

(C) "FUND" MEANS THE ORGANIC AGRICULTURE DEVELOPMENT FUND.

(D) "ORGANIC FARM PLAN" MEANS A PLAN ESTABLISHED BY A PRODUCER THAT MEETS THE REQUIREMENTS ESTABLISHED BY THE DEPARTMENT FOR THE MANAGEMENT OF TRANSITIONAL ORGANIC AGRICULTURAL PRODUCTION.

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

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

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

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

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

**10-14A-02.**

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

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

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

**10-14A-03.**

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

**10-14A-04.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**10-14A-05.**

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

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

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

**Approved by the Governor, May 19, 2009.**