

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE

Senate Bill 939 (Senator Manno)
 Education, Health, and Environmental Affairs

Commission on Organic and Locally Grown Agricultural Products

This bill establishes a Commission on Organic and Locally Grown Agricultural Products jointly staffed by the Maryland Department of Agriculture (MDA) and the Department of Business and Economic Development (DBED). The commission must (1) analyze the economic benefits that expanded development of the organic and locally grown agricultural products sectors and increased trade in organic and locally grown agricultural products would bring to the State; (2) study specified strategies to promote organic and locally grown agricultural products within the State and throughout the East Coast region; and (3) make recommendations, including legislative and policy proposals, regarding ways the State can promote the development, sale, and use of organic and locally grown agricultural products. Members may not receive compensation but are entitled to reimbursement for expenses. The commission must report its findings and recommendations to the Governor and the General Assembly by December 31, 2011.

The bill takes effect June 1, 2011, and terminates May 31, 2012.

Fiscal Summary

State Effect: General fund expenditures increase by \$51,500 in FY 2012 only to hire a consultant to support the commission and for expense reimbursements and supplies. Revenues are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	51,500	0	0	0	0
Net Effect	(\$51,500)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background:

Policies/Efforts Relating to Organic and Locally Grown Agricultural Products

State policies/efforts related to the development, sale, and use of organic and locally grown agricultural products include:

- Organic Certification – MDA administers the Maryland Organic Certification Program, and in doing so, serves as an accredited certifying agent under the U.S. Department of Agriculture’s (USDA) National Organic Program (NOP).
- Maryland’s Best™ Program – Administered by MDA, the program links Maryland farmers with consumers online and through promotions and advertising.
- Jane Lawton Farm-to-School Program – Administered by MDA, in consultation with the Maryland State Department of Education, the program is generally aimed at promoting and facilitating the sale of farm products grown in the State to Maryland schools.
- Other efforts of MDA’s Marketing Services Division – The division’s principal role is to identify and develop profitable marketing opportunities for Maryland farmers and agricultural producers. The division helps farmers to market their products directly to supermarkets, schools, chefs, hotels, food services businesses, and other wholesale buyers, and directly to consumers at farmers’ markets and other venues. MDA indicates it recently received a two-year grant from USDA’s Agricultural Research Service to help with outreach for and marketing of organic grain and vegetable production in Maryland.
- Federal Farmers Market Nutrition Program – A federal/state partnership administered by state agencies, with grants from USDA’s Food and Nutrition Service, the program provides access to locally grown fruits and vegetables to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children and low-income seniors. The State makes a commitment of general funds, but a significant majority of the funding for the program consists of federal funds.
- Regulation of the Use of the Terms “Locally Grown” and “Local” – Chapter 413 of 2010 authorizes the Secretary of Agriculture to adopt standards to regulate the

use of the terms “locally grown” and “local” to advertise or identify an agricultural product and prohibits a person from knowingly advertising or identifying any agricultural product in violation of the standards. Regulations are currently in the process of being adopted.

2008 Organic Production Survey

According to the 2008 Organic Production Survey conducted by USDA’s National Agricultural Statistics Service, there were 129 certified or exempt organic farms and a total of \$10.4 million in organic product sales in Maryland in 2008. Farms following NOP standards with less than \$5,000 in sales (exempt organic farms) are allowed to market their products as organic without becoming certified. The majority of the 114 farms the organic product sales were attributed to had relatively minimal amounts of sales, with over two-thirds of the farms selling less than \$40,000 of organic products.

State Expenditures: General fund expenditures increase by approximately \$51,475 in fiscal 2012, to hire a consultant to support the commission, conduct necessary research and analysis, and assist in the writing of the commission’s final report. The estimate also includes costs for expense reimbursements and supplies. The estimated cost to hire the consultant, (\$50,000) is based on actual costs MDA incurred to hire a consultant for a similar project in 2006.

MDA has limited availability of existing staff to devote to the commission. However, if a consultant is hired, any additional staffing responsibilities of MDA and DBED can be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Department of Business and Economic Development, U.S. Department of Agriculture, Department of Legislative Services

Fiscal Note History: First Reader - March 14, 2011
ncs/lgc

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