

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1327

(Delegate Otto)

Environmental Matters

Education, Health, and Environmental Affairs

Agricultural Commodity - Assessment - Collection

This bill eliminates a requirement that an agricultural assessment levied for the promotion of the use and sale of an agricultural commodity be collected annually. The bill also modifies an alternate method of collection of assessments by specifying that (1) upon the request of the certified agency that initiated the assessment, the Secretary of Agriculture must notify *any*, rather than *every*, person engaged in the business of purchasing any agricultural commodity in the State that the assessments must be deducted from the purchase price of the commodity and (2) the deducted assessments must be remitted by a purchaser directly to the certified agency, as directed by the Secretary, rather than being remitted to the Secretary and then paid by the Secretary to the certified agency. In addition, the bill authorizes a certified agency to initiate judicial proceedings in circuit court if a purchaser fails to remit a deducted assessment. Finally, this bill requires that the books and records of a purchaser of any agricultural commodity be open for inspection by the certified agency at any time during regular business hours.

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law:

Authorization of Referendum on Agricultural Commodity Assessment

Any association, council, board, or other agency fairly representative of persons engaged in the production of an agricultural commodity may apply to the Secretary of Agriculture

for certification and approval to conduct a referendum among those persons on the question of levying an assessment, and collecting and utilizing the proceeds for purposes stated in the referendum.

Disposition and Use of Assessment

An assessment is paid into the certified agency treasury to be used together with any other funds from other sources to:

- promote and stimulate, by advertising and other methods, the increased domestic and foreign use and sale of the agricultural commodity covered by the referendum;
- finance research and education programs;
- contribute toward the financing of a program on production, use, and sale of any agricultural commodity; or
- support multistate, area, or national programs whose purposes are essentially the same as those of the State producers.

Arrangement and Management of Referendum

A certified agency arranges and manages the referendum and bears all expenses in connection with the referendum. Specified requirements apply to the management of a referendum relating to notice, preparation and distribution of ballots, arrangement for necessary poll holders for conducting the referendum, and canvassing and public declaration of the result of the referendum.

Collection of Assessments

An assessment is collected annually pursuant to the method and rules and regulations adopted by the certified agency conducting the referendum. As an alternate method for the collection of assessments, upon the request of a certified agency, the Secretary of Agriculture must notify, by registered letter, every person engaged in the business of purchasing any agricultural commodity in the State, that on and after the date specified in the letter, the assessments must be deducted by the purchaser, or the purchaser's agent or representative, from the purchase price of the agricultural commodity. By June 1 of each year following the deduction, the deducted assessment must be remitted by the purchaser to the Secretary who must pay the amount of the assessments to the certified agency. The books and records of every purchaser of any agricultural commodity must be open for inspection by the Secretary at any time during regular business hours.

Other Provisions

A person upon whom an annual assessment was levied and collected, if dissatisfied with the assessment, may demand and receive from the treasurer of the certified agency a refund of the collected annual assessment. A certified agency is authorized to institute judicial proceedings to enforce assessments with respect to certain commodities (livestock for slaughter, potatoes, and peaches).

The assessing body and the Secretary each may deduct not more than 3% of the funds collected by the certified agency to defray the expenses of making assessments.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Judiciary (Administrative Office of the Courts), Department of Legislative Services

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