

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 278

(Senator Middleton, *et al.*)

Finance and Education, Health, and
 Environmental Affairs

Appropriations

Maryland Farms and Families Act

This bill establishes a Maryland Farms and Families Program within the Maryland Department of Agriculture (MDA) and a Maryland Farms and Families Fund supported by an annual general fund appropriation of \$500,000, subject to the limitations of the State budget. The program and fund provide grants to nonprofit organizations that match purchases made with federal nutrition benefits – those under the Farmers Market Nutrition Program (FMNP), the Supplemental Nutrition Assistance Program (SNAP), and the Special Supplemental Food Program for Women, Infants, and Children (WIC) – at participating farmers markets throughout the State.

Fiscal Summary

State Effect: General fund expenditures increase by \$500,000 annually beginning in FY 2019 to capitalize the fund, assuming budget limitations do not prevent the annual appropriation. Special fund revenues and expenditures increase correspondingly, reflecting the fund’s receipt of the general fund appropriations and corresponding expenditures for grants to nonprofit organizations.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$0	\$500,000	\$500,000	\$500,000	\$500,000
GF Expenditure	\$0	\$500,000	\$500,000	\$500,000	\$500,000
SF Expenditure	\$0	\$500,000	\$500,000	\$500,000	\$500,000
Net Effect	\$0	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Bill Summary: The purpose of the program is to double the purchasing power of food-insecure Maryland residents with limited access to fresh fruits and vegetables and to increase revenue for farmers through redemption of federal nutrition benefits at Maryland farmers markets.

The Secretary of Agriculture administers the fund, which consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. Subject to the limitations of the State budget, the Governor must include in the annual budget bill a proposed general fund appropriation to the fund of \$500,000 for each fiscal year.

A qualified nonprofit organization that receives a grant from the fund (1) must distribute at least 70% of the grant money it receives to participating Maryland farmers markets for healthy local food incentives and (2) may not use more than 30% of the grant money it receives for statewide program development, promotion and outreach, farmers market training and capacity building, technical assistance, program data collection, evaluation, administration, and reporting.

In order to receive a grant, a nonprofit organization must have a demonstrated record of specified experience related to administering, utilizing, and distributing funding. A qualified nonprofit organization that receives a grant must, within 90 days after the end of a grant cycle, submit a report to MDA providing (1) the names and locations of the farmers markets that received funds; (2) the amount of funds awarded to each farmers market; (3) the amount of federal benefits and awarded funds spent at participating farmers markets, as well as any unspent funds; (4) the number of federal benefits transactions carried out at participating farmers markets; and (5) the impact of the program on increasing the quantity of fresh fruits and vegetables consumed by FMNP, SNAP, and WIC families, as determined by customer surveys.

MDA may adopt regulations to implement the bill.

Current Law/Background: FMNP, SNAP, and WIC are federal nutrition benefits programs – administered by the U.S. Department of Agriculture’s Food and Nutrition Service (FNS) in partnership with state and tribal governments – that each can be used at farmers markets. In Maryland, MDA administers FMNP, in conjunction with the Department of Health and Mental Hygiene (DHMH) and the Department of Aging, who

distribute FMNP checks to eligible recipients (WIC participants and low-income seniors). There are also separate WIC Fruit and Vegetable Checks available through the WIC program, administered in Maryland by DHMH, which can be used at supermarkets and farmers markets. SNAP benefits, formerly known as food stamps, and administered in Maryland by the Department of Human Resources, are available to low-income households. FNS indicates that encouraging the use of SNAP benefits at farmers markets to support local food systems and expand low-income families' access to healthy foods is a high priority of the service.

MDA indicates that the Maryland Farmers Market Association has administered a program (Maryland Market Money) since 2013 that provides funding to match federal nutrition benefits used at farmers markets, benefitting from support of various government, nonprofit, and other entities. The *Maryland Market Money 2015 Annual Report* indicates that \$172,445 was provided under the program at 22 participating farmers markets in 2015, and \$220,511 in federal nutrition benefits was spent at the farmers markets offering Maryland Market Money funding. For contextual purposes, MDA indicates that there are 147 markets in the State.

State Fiscal Effect: General fund expenditures increase by \$500,000 annually beginning in fiscal 2019, reflecting the inclusion of a general fund appropriation to the fund of that amount in the budget bill each fiscal year, beginning with the budget bill for fiscal 2019 (the first budget bill to be introduced following the bill's October 1, 2017 effective date). This assumes that budget limitations do not prevent the annual general fund appropriation.

Special fund revenues and expenditures increase correspondingly each fiscal year, reflecting receipt of the general funds and the expenditure of those funds through grants to nonprofit organizations. This analysis assumes that all available funding is spent each fiscal year.

The program and fund can be administered by MDA with existing resources.

Small Business Effect: Small business farmers who participate in farmers markets and accept federal nutrition benefits are meaningfully impacted by the bill. The majority of funding provided under the bill will be used to purchase those small businesses' products and may increase the level of federal nutrition benefits spent on the products.

Additional Information

Prior Introductions: None.

Cross File: HB 586 (Delegate Hettleman, *et al.*) - Appropriations.

Information Source(s): Maryland Department of Agriculture; Department of Health and Mental Hygiene; Department of Human Resources; U.S. Department of Agriculture; Maryland Farmers Market Association (www.marylandfma.org); Department of Legislative Services

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