Department of Legislative Services

Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 772 (Delegate Gilchrist, *et al.*)

Health and Government Operations Education, Health, and Environmental Affairs

---

Maryland Green Purchasing Committee – Food and Beverage Procurement – Greenhouse Gas Emissions

---

This bill establishes a goal of the General Assembly to reduce the overall greenhouse gas emissions associated with food and beverages purchased by State agencies (including public four-year universities) by 25% by fiscal 2030. **The bill takes effect July 1, 2020, and terminates December 31, 2030.**

Fiscal Summary

State Effect: General fund expenditures increase by $69,800 in FY 2021 to implement the bill; out-year expenditures reflect annualization and ongoing operating expenses. Revenues are not directly affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	$0	$0	$0	$0	$0
GF Expenditure	69,800	83,800	85,500	88,100	90,800
Net Effect	($69,800)	($83,800)	($85,500)	($88,100)	($90,800)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Methodology

By January 1, 2022, the Maryland Green Purchasing Committee (GPC) must, in consultation with specified stakeholders, develop a methodology that enables a State agency to estimate, to the extent practicable, the greenhouse gas emissions of all food and beverages purchased by the agency, including third-party vendors that provide food on behalf of the agency.

Reducing Greenhouse Gas Emissions from Food Purchases

By January 1, 2023, GPC must establish a baseline measurement of the overall annual greenhouse gas emissions associated with the State's food and beverage purchases. GPC must establish strategies and policy recommendations for State agencies to reduce greenhouse gas emissions associated with food purchases.

Reporting

By October 1, 2024, and each year thereafter, each State agency must report to GPC on its progress in reducing greenhouse gas emissions associated with food and beverage purchases. By December 31, 2024, and each year thereafter, GPC must report to the General Assembly on (1) an update on the State's overall progress in meeting the bill's goals and (2) recommendations for policy changes to further reduce greenhouse gas emissions from food and beverage purchases or to more quickly achieve the bill's goals.

GPC must also submit interim and final reports in 2020 and 2021, as specified, on its progress in developing strategies and policy recommendations for agencies to use to reduce greenhouse gas emissions from their purchases of food and beverages.

Current Law: GPC was created by Chapters 593 and 594 of 2010 to provide the State with information and assistance regarding environmentally preferable purchasing. DGS provides staff for the committee.

The University System of Maryland, Morgan State University, and St. Mary's College of Maryland are exempt from most provisions of State procurement law (but this bill applies to them).

Background: Multiple published studies have found that the production, processing, and distribution of food produce outputs that can be harmful to the environment, including greenhouse gas emissions. Some studies estimate that as much as 30% of greenhouse gas emissions come from global food production. A 2011 report by the Environmental Working Group assessed the life cycle greenhouse gas emissions of different foods and found that lamb and beef generated the highest level of emissions during production and postproduction. The lowest greenhouse gas generators were primarily grains and vegetables such as lentils, tomatoes, and broccoli. Published studies have also found that plant-based diets can be less expensive than diets that include meat products.

In November 2019, the University of Maryland, College Park Campus became the first university to join the "Cool Food Pledge," a commitment to reduce food-related greenhouse gas emissions by 25% by calendar 2030.

State Fiscal Effect: As the agency that chairs and staffs GPC, the Department of General Services (DGS) is responsible for implementing the bill's requirements; it is anticipated that other stakeholder agencies will provide some support with existing staff. DGS advises that neither it nor other stakeholder agencies have the capacity or expertise to manage a statewide effort to reduce food-related greenhouse gas emissions, including developing a methodology, coordinating with and monitoring State agencies, and reporting annually beginning in fiscal 2024. The Department of Legislative Services concurs. Therefore, general fund expenditures for DGS increase by $69,758 in fiscal 2021, which accounts for a 90-day delay from the bill's July 1, 2020 effective date. This estimate reflects the cost of hiring a program manager to perform the functions described above and assumes the program manager can complete the interim report when it is due by year-end 2020. It includes a salary, fringe benefits, minimal consulting fees, one-time start-up costs, and ongoing operating expenses.

Position	1
Salary and Fringe Benefits	$56,892
Consulting Fees	7,500
Other Operating Expenses	5,366
Total FY 2021 State Expenditures	**$69,758**

Future year expenditures reflect a full salary with annual increases and employee turnover, $10,000 in consulting fees, and ongoing operating expenses.

Only a small number of State agencies purchase large quantities of food, most notably the Maryland Department of Health (for hospitals), the Department of Public Safety and Correctional Services (for prisons), and the University System of Maryland, Morgan State University, and St. Mary's College of Maryland (for students). As noted above, the University of Maryland, College Park Campus is already undertaking efforts to comply with the bill's requirements with existing resources. Thus, each of these agencies can likely implement the bill's requirements with existing resources, but the bill's requirements likely have significant operational effects on their food and beverage purchasing practices. In some instances, overall State expenditures on food may decrease over time as agencies reduce their consumption of meat products.

Maryland Correctional Enterprises (MCE) advises that it operates a meat processing plant in Hagerstown that sells meat to State agencies and other clients. MCE anticipates reduced sales volume for the plant as a result of the bill, which may affect its revenues and capacity to provide training opportunities for inmates. Any such effect cannot be reliably estimated.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 478 (Senator Lam, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland State Department of Education; University System of Maryland; Maryland Department of Agriculture; *Food Policy; Business Insider;* Maryland Department of the Environment; Department of General Services; Maryland Department of Health; Department of Juvenile Services; Department of Natural Resources; Department of Public Safety and Correctional Services; Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2020
rh/ljm Third Reader - April 3, 2020
Revised - Amendment(s) - April 3, 2020

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510