

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 687

(Delegate Stein, *et al.*)

Environment and Transportation

Education, Health, and Environmental Affairs

Agriculture - Cost-Sharing Program - Fixed Natural Filter Practices

This bill modifies existing provisions governing State cost-sharing for agricultural best management practices to also allow for State cost-sharing for “fixed natural filter practices.” The bill also establishes specified standards/requirements applicable to the State cost-sharing.

Fiscal Summary

State Effect: The bill is not expected to materially affect overall, ongoing spending for cost-sharing projects under the Maryland Agricultural Water Quality Cost-Share Program (MACS). Revenues are not affected.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

State Cost-sharing Available for Fixed Natural Filter Practices

The bill – under provisions governing State cost-sharing made available for capital expenditures for installing, purchasing, or constructing conservation or pollution control best management practices on agricultural land – makes State cost-sharing also available for “fixed natural filter practices.”

“Fixed natural filter practice” means one of the following practices: (1) planting of riparian forest buffers; (2) planting of riparian herbaceous cover; (3) tree plantings that are on agricultural land and outside a riparian buffer; (4) wetland restoration; or (5) pasture management, including rotational grazing systems, such as livestock fencing and watering systems implemented as part of the conversion of cropland to pasture.

State Cost-sharing Standards/Requirements

The bill prohibits:

- State cost-sharing funds from being used to fund a conservation practice that does not (1) address a natural resource concern identified by the U.S. Department of Agriculture’s (USDA) Natural Resources Conservation Service or (2) result in an improved conservation benefit; or
- a reduction in State cost-sharing rates for riparian forest buffers, riparian herbaceous cover, wetland restoration, or pasture management based on tons of soil saved or an amortization formula.

The bill requires that:

- State cost-sharing rates for pasture management be based on the applicable rate established by USDA’s Environmental Quality Incentives Program; and
- State cost-sharing rates paid for the planting of multiple species of cover crops equal or exceed the rates paid for the planting of a single species of cover crop.

Current Law/Background: State cost-sharing for agricultural best management practices, known as MACS, may be made available for up to 87.5% of capital expenditures for installing, purchasing, or constructing a best management practice, up to \$200,000 as determined by regulation adopted jointly by the Secretary of Agriculture and the Secretary of the Environment. Under Maryland Department of Agriculture regulations, cost-sharing is limited to (1) \$50,000 per project and \$150,000 per farm, for projects other than animal waste treatment and containment projects and (2) \$200,000 per project and \$300,000 per farm for animal waste treatment and containment projects.

The Governor’s proposed fiscal 2021 capital budget includes \$8.0 million in general obligation bond funding for the installation of best management practices under MACS.

Small Business Effect: The bill may have a meaningful small business effect to the extent the bill’s changes, and the effect they have on current MACS policies and practices, increase or decrease the availability of funding for best management practices best suited for a particular farm.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 597 (Senator Young, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland Department of Agriculture; Maryland Department of the Environment; Comptroller's Office; Chesapeake Bay Foundation; Department of Legislative Services

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