

Department of Legislative Services
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FISCAL AND POLICY NOTE
First Reader

Senate Bill 585 (Senator Gallion)
Education, Health, and Environmental Affairs

Agriculture - Processing of Poultry Litter for Alternative Use

This bill establishes requirements for the processing of poultry litter for an “alternative use” and for the product that results from the processing. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances, particularly in the short-term, but could affect State operations for Maryland Department of Agriculture (MDA) manure management initiatives, as discussed below.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: “Alternative use” is the use of poultry litter or other animal manure in an environmentally acceptable way, other than by direct land application in an unprocessed form, as determined by MDA.

The processing of poultry litter for an alternative use or the product that results from the processing, as appropriate, must (1) convert the phosphorus content of unprocessed poultry litter to a form that is not soluble in water, as specified, but retain the phosphorus in a form that may be converted by the natural activity of soil-resident microorganisms to be available to plants; (2) contain a community of natural soil microorganisms that enhances or replenishes farm soil microbiology, as specified; and (3) retain the high nutrient value

of poultry litter. Additionally, the processing must eliminate any noxious odor from poultry litter early in the process.

In order to avoid or minimize any disruption of longstanding farming or growing regimes, an alternative use product resulting from the processing of poultry litter must be able to be procured in the same manner, at relatively similar cost, and handled or applied in the same manner as unprocessed poultry litter. An alternative use product resulting from the processing of poultry litter may be transported off the Delmarva Peninsula (1) to established, identified markets and (2) using a distribution apparatus that is in place and does not require any transportation cost-sharing assistance.

Current Law: MDA administers and helps to implement a number of programs and initiatives to address animal waste, particularly from the poultry industry on the Eastern Shore. Several of these programs are discussed below.

Manure Transport Program

MDA's manure transport program, which was founded in 1999, provides funds for farmers to transport poultry litter and livestock manure to other farms or alternative use facilities where it can be used in an environmentally safe manner. Poultry companies voluntarily pay part of the cost of transporting poultry litter generated by their growers. This amount is based on the square footage of their poultry houses in Maryland. Livestock manure transport (nonpoultry manure) is eligible for cost-share grants for up to 87.5% of all eligible costs (up to \$15,000).

Regulations define "alternative use" as using poultry or other animal manure in environmentally acceptable ways, as determined by MDA, other than by direct land application in an unprocessed form. An "alternative use operation" is a person or entity that uses or processes poultry or livestock manure in environmentally acceptable ways, as determined by MDA, other than by direct land application in an unprocessed form. Alternative use operations are eligible to receive cost-share funds for transporting manure, and regulations establish eligibility requirements for an alternative use operation to receive manure transport program cost-share funds. Among other things, to participate, an alternate use operation must (1) submit certain required information; (2) agree to obtain manure only from an eligible sending operation, and to use the manure in an environmentally acceptable way, as determined by MDA, other than by direct land application in an unprocessed form; and (3) maintain specified records.

Animal Waste Technology Fund

Maryland's Animal Waste Technology Fund, which is administered by MDA, provides grants to vendors, businesses, and individuals that (1) conduct research or develop

technologies that are intended to reduce the amount of nutrients in animal waste; (2) alter the composition of animal waste; (3) develop alternative waste management strategies; or (4) use animal waste in a production process. The statutory goal of the fund is to encourage the development and implementation of economically feasible technologies that help protect the public health and the environment by reducing the amount of nutrients from animal waste to enable farmers to meet nutrient management requirements and provide alternative animal waste management strategies to farmers.

Nutrient Management Program and the Phosphorus Management Tool

MDA's Nutrient Management Program protects water quality in the Chesapeake Bay and its tributaries by ensuring that farmers and urban land managers apply fertilizers, animal manure, and other nutrient sources in an effective and environmentally sound manner. Farmers are required to follow nutrient management plans when fertilizing crops and managing animal waste. These plans specify how much fertilizer, manure, or other nutrient sources may be safely applied to crops to achieve yields and prevent excess nutrients from impacting waterways. Nutrient management plans generally are required for all agricultural land used to produce plants, food, feed, fiber, animals, or other agricultural products.

Farm fields with high soil phosphorus levels must use Maryland's Phosphorus Management Tool (PMT), which is an updated environmental risk assessment tool that uses the best available science to identify the potential risk of phosphorus loss from farm fields and prevent the additional buildup of phosphorus in soils that are already saturated. PMT regulations took effect June 8, 2015, and include a multi-year process for farmers to transition to the use of PMT for fields with high soil phosphorus levels. MDA anticipates that PMT will be fully implemented by 2022. Depending on phosphorus levels in affected farm fields, the application of manure directly on farm fields can be limited or prohibited.

State Fiscal Effect: The specific impact of the bill is unclear since the bill does not directly affect MDA's current initiatives for managing animal waste in the State. However, to the extent that MDA must incorporate the restrictions and requirements for alternative uses of poultry litter under the bill into the current manure transport program and the Animal Waste Technology Fund, the bill could limit the expansion and use of alternative uses. This could also limit MDA's ability to support poultry litter producers during the final implementation phase of PMT.

Small Business Effect: To the extent that the bill limits alternative uses for the disposal of poultry litter, the bill could have a meaningful impact on a number of types of small businesses in the State. Poultry litter disposal costs and costs to implement PMT could increase, potentially significantly. The bill's requirements for alternative uses could also restrict a company's ability to enter into the alternative use market in the State. MDA advises that manure treatment companies are actively seeking to locate in Maryland to

address streams of manure for alternative uses as the final PMT implementation phase occurs. The bill could reduce these companies' eligibility for funding under the Manure Transport Program, and potentially, the Animal Waste Technology Fund.

Additional Information

Prior Introductions: HB 1438 of 2020 passed the House and was referred to the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

Designated Cross File: HB 455 (Delegate Jacobs) - Environment and Transportation.

Information Source(s): Worcester County; Maryland Department of Agriculture; Maryland Department of the Environment; Department of Legislative Services

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